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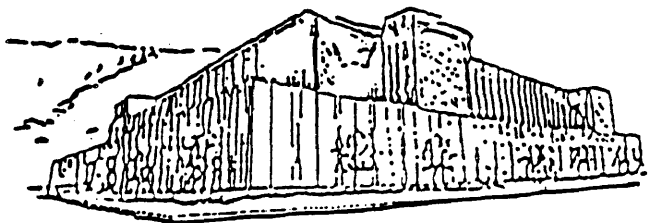
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Propaganda, Sensation And Skepticism

---Reports on China Business in Beijing, Hong Kong and U.S. Media

By

Ariel Zhang

B.A. Shanghai International Studies University, 1997

Presented in Partial Fulfillment of the Requirements

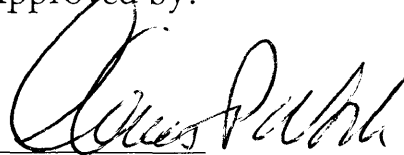
For the Degree of

Master of Arts

The University of Montana

2000

Approved by:



Clemens Work, Chairman



Dean, Graduate School

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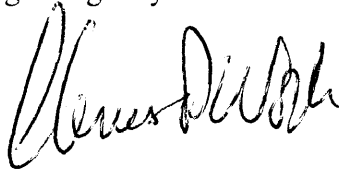
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China Business reporting in three newspapers displays a shift from Beijing's propagandistic character to Hong Kong's dynamic sensation to American critical feature.

Chairman: Clemens. P. Work



The theme of this thesis is to analyze the characteristics of three newspapers' coverage of China business within the context of different sociopolitical and cultural backgrounds.

With an eye of reviewing how China's emerging market performs as well as its image in the media, the thesis observes a significant journalism paradigm shift from China's propagandistic news to the U.S.'s critical news. Just as underwriters cannot record the stock market fluctuation without pictures of readers in their mind, each newspaper covers the growing Chinese economy with a purpose, playing to certain audiences.

China's journalism, which is defined by Western ideology as propaganda, is the symbolism of a government-controlled media for the purpose of the government as well as the people under the ruling. The China Daily is one example. The over positive and optimistic stories are pleasing to the authorities and therefore reflect a weapon of advocacy for the government. Reporting a large volume of business news based on the national reform and opening-up guidelines, the China Daily represents Chinese economic publishing under the pressure of meeting the demands of Chinese readers.

South China Morning Post, a leading English newspaper in Hong Kong, portrays China's business in a dual picture of politically bureaucratic and economically prosperous. The Western journalistic ideology of a free press and the Chinese cultural heritage generate the Post's media complex. The Post holds professionalism and freedom influence from the British. As well, the Post is open to the mainland China's news sources that contain the official news. When confronting the authorities, the Post indicates its sharp criticism of the bureaucracies and its cooperation with the Chinese official news. The Post's sensational reporting style is reflected in its dynamic headlines and emotional news content.

As a news publication of the Dow Jones company, the Asian Wall Street Journal Weekly's skeptical approach towards China's economy symbolizes the Western journalistic ideology---reporting the facts and commenting freely. Its critical tones in reporting the China economy indicate the Journal's objective attitudes as well as its subjective view of the issues. The Journal emphasizes potential problems when portraying an emerging market, which distinguishes itself from the Asian newspapers' positive or sympathetic point of view.

Acknowledgement

This paper is greatly indebted to graduate school thesis committee, Professor Clemens Work, Professor Keith Graham and Professor Philip West.

A Special thanks is given to Professor Philip West for his best understanding and great encouragement to my work thanks to his knowledge in China and U.S. relations.

A profound appreciation is to Chairman Clemens Work for his tremendous contributions to this thesis, and for his most valuable advice and instruction through my studies in the University of Montana.

I feel privileged to have them outstanding scholars as my committee and even honored to have them as my long-term teachers and friends.

Also appreciation is extended to those who spent their precious time and gave generous opinions to my work, such as Chinese reporter Wang, Zongxi and Professor Peter Koehn.

I'm very grateful to a few colleagues and friends in New York who provided valuable opinions on this thesis.

Finally, to my beloved family and many friends who encourage me and contribute to my success, I express my heartfelt gratitude.

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Asian Wall Street Journal Weekly: Cover Stories on China Business, January-March 1999. p.57

Introduction

The "Conscience of business."

Henry Gemmill¹

Rapid Growth Possible --- CHINA DAILY

Dark Days Ahead For Economy, Says Beijing --- South China Morning Post

China Faces Growing Pains --- THE ASIAN WALL STREET JOURNAL

China, the world's largest emerging market, has attracted intensive coverage in the media. China's business is portrayed in strikingly different fashion by newspapers in Beijing, Hong Kong and the United States. A study of three newspapers' coverage of China's business draws distinctions among the Chinese official position, Hong Kong's market-oriented stands and the U.S.'s dubious view of the subject.

The image or the portrait of China's economy can be symbolized as a booming rocket in China Daily, a sensational stock market in Hong Kong's South China Morning Post, and a struggling dinosaur in Asian Wall Street Journal Weekly. The essential determinants for the wide variation in these newspapers' coverage can be found in their historical, sociopolitical and cultural backgrounds.

China Daily,² found in 1981, is a leading English-language daily in China, with 150,000 copies distributed mainly in China and overseas.³ Like most Chinese

¹ Henry Gemmill, former managing editor of the Wall Street Journal.

² China Daily, a leading English language newspaper in China with 1,500,000 circulation, distributed mainly in China and overseas, first published in July 1981. A New York edition was launched in 1983 and a London edition in September 1986. Political Handbook of The World 1998, Ed. By Author Banks, etc. CSA Publications, State University of New York, 1998.

government-owned newspapers, China Daily functions as a channel to inform the public of governmental policies as well as reporting its own news within the framework of the Party's guideline.⁴ This guideline determines China's news style featuring economic and social stability.⁵

The South China Morning Post,⁶ a leading English newspaper in Hong Kong since 1903, has experienced a transition from nearly a hundred years of colonial rule of the British to the Chinese government since 1997. As an independent business organization itself, the Post maintains a free style with the influence of both the Western media and the Chinese culture. With a circulation of 90,000,⁷ the Post distinguishes itself with objectivity covering the governments' news as well as reliable sources for economic news.⁸

First published in 1979, the Asian Wall Street Journal Weekly Edition⁹ was launched to introduce a comprehensive report of the Asian business for foreign investors who trade in the region.¹⁰ With a circulation of 11,000, the Asian Journal has inherited the professional and in-depth reporting style from Dow Jones &

³ China Daily, Political Handbook of The World 1998, Ed. By Author Banks, etc. CSA Publications, State University of New York, 1998.

⁴ Interview with Wang, Zongxi, a senior reporter for Tianjin Daily.

⁵ Interview with Wang, Zongxi.

⁶ South China Morning Post, a leading English newspaper in Hong Kong with 89,378 circulation, distributed in the region of southeast Asia, first published in 1903. Willings Press Guide 1999, Ed. Charles Anderson, Hollis Directories Ltd, UK, 1999.

⁷ Willings Press Guide 1999, Ed. Charles Anderson, Hollis Directories Ltd, UK. 1999.

⁸ Id.

⁹ Asian Wall Street Journal Weekly, a weekly covering Asian business, economy and politics, with 11,623 circulation, distributed in Asia and the United States, first published in 1979, The Asian Wall Street Journal Weekly Publishers Records, 1998.

¹⁰ Jerry Rosenberg, Inside The Wall Street Journal, p.245.

Company's flagship newspaper, the Wall Street Journal. Being critical and analytical, the Journal emphasizes China's economic controversial issues.

This thesis aims to discover the differing ideology of the three newspapers by analyzing their distinctions in each perspective. First, it compares how the three newspapers portray a series of China's business topics from a variety of angles. Next, the study narrows the different content in each newspaper and explains the treatment of bad news and good news. Then there is an examination of the quality and quantity of coverage, followed by an analysis of editorial attitudes, which contributes to the personality of each newspaper. Lastly, the research explores the newspapers from each publisher's sociopolitical and cultural viewpoint.

Part I. Ideology Contexts

Social formations---that is, reconstitution of the power structure and sociopolitical forces---engender journalistic paradigm shifts.¹¹

A Sociopolitical backgrounds

Chinese Propaganda:

Newspapers are the weapons for carrying out the ideological struggle and the tools for building Socialism. ---A high-ranking propaganda official in mainland China.¹²

Propaganda, in the Chinese context, is no more than a neutral word to describe the government's media system of communication between the Party and the masses. However, Chinese journalists are faced with the dilemma of fulfilling both news work's objectiveness and propagating the policies and perceptions of the Party.¹³

According to a study of the China's press history, China's economic news has never gone beyond the political boundaries set for it since the founding of the New China.¹⁴ As part of the Party's history, the economic reporting moves from Mao's propaganda to the Culture Revolution's repression, and then to Deng's reform.¹⁵

¹¹ Chan, Joseph Man and Lee, Chin-Chuan, Mass Media and Political Transition: The Hong Kong Press in China's Orbit. New York: The Gulford Press, 1991, p.33.

¹² Alan Liu, Newspapers in Asia, p.47.

¹³ Robin Porter, Shaping China's News, Reporting the News From China, p.5.

¹⁴ Alan Liu, P.R.C.Newspapers in Asia, p.47.

¹⁵ Anne Thurston, Frenzy For Money Masks A Dynasty In Decline, Don't Force Us To Lie, p.9.

China Daily
Business Weekly
Shanghai Star
Reports from China
BDU[Members Only]
Classified

Taiwan Issue
72nd Oscar
Cyber Attack
Oil In Fire
Berlin Filmfest
Microsoft Trial
Key Documents
More...

Call China Cheap
China.org.cn
Asiasociety
People's Daily
CCTV
CRI
Chinanetnews
Olympic 2008

Advance Search
Readers' Feedback

CHINA DAILY
INFORMATION



A worker embroiders using a new computer method that does not require sewing at the Shunhua Computer Embroidery Factory. The technique enables Shunhua to produce high-grade hollowed-out embroideries which are popular in Japan and Italy [China Daily]

Wednesday.

China to deepen financial reform: senior banker

China will deepen the reform of its banking system in the coming several years to raise the competitive power of Chinese banks while more foreign banks expand their business in China, a senior Chinese banker said in Macao Wednesday.

[Full Text]

China issues decree for public bidding in building sector

The State Development Planning Commission of China has recently issued a decree in Beijing on public bidding in the building sector, further elaborating the Law for Inviting and Submitting Tenders that went into effect on January 1 this year.

High-tech promoting Chinese agricultural modernization

Bio-Engineering and Information technology are playing an increasingly important role in changing China's traditional agriculture, a Ministry of Agriculture official said in Beijing

Mutual benefits

©MDNM Freer trade is not only the key to greater economic growth in the United States and China, but also to enhanced stability in international relations, according to Federal Reserve Chairman Alan Greenspan in a letter to Representative James A. Leach, chairman of the House Committee on Banking and Financial Services on May 5. Excerpts follow:

- * China cuts coal production and stockpiles
- * Three Chinese firms to make IPOs
- * Bank association debuts
- * More flexible exchange rate needed
- * China issues approval procedures for online stock trading
- * WTO access to improve China's economic structure
- * China's bourses plummet sharply
- * Powering up in Beijing
- * China needs to step up oil exploration overseas
- * Thailand plans to buy electricity from China
- * Macao ensures development of financial organs
- * Beijing to expand government procurement
- * CIRC approves listing of 24th securities investment fund
- * China's Silicon Valley invites expert advisers
- * China car industry calls for tax breaks as WTO looms
- * Peru, China bilateral trade increases
- * Shanghai to recruit more foreign CEOs
- * Auto China 2000 to be held in Beijing
- * Stocks: More money for banks
- * US Fed chairman supports new trading status for China
- * State councillor hails prospects for high-tech exports
- * Interior checks for animal ill
- * German firms conspicuous in exhibition
- * China to hold international seminar on financial reform
- * Hong Kong firm wins Beijing national theatre project

China bid to
WTO

Beijing Hi-Tech Week

Pick any door
to find what
you've won!



The violent purges of Mao's Great Proletarian Cultural Revolution not only starved China's population by depressing national production, but also repressed people from thinking and speaking freely.¹⁶ The truth was hardly reported during the Revolution, because timid journalists were afraid of being accused of being anti-Party.¹⁷

The media's credibility was dissipated as stories were either uncovered or exaggerated during Mao's period and after. When Nixon tore down the "bamboo curtain" in February 1972, Lin Biao, Mao's "closest comrade-in-arms," had made an unsuccessful coup attempt. And people know little about the story after Lin's escape to Russia, when his plane crashed in the desert.¹⁸

Deng Xiaoping, a new leader, saves the country with his ideas on the building of socialist material and spiritual civilization, which is devoted to enhance the people's educational level, ideological consciousness and moral standards.¹⁹ Such strategies constitute a strong motive force for national socio-economic development. At the same time, the media play a large role in propagating Deng's overall strategy of modernization. With farmers' incomes shooting up and private entrepreneurs making their fortunes, the media are recharged with news and truth. Deng's exhortation, "seek

¹⁶ Id.p.8.

¹⁷ Id.p.9.

¹⁸ Id.p.9.

¹⁹ Fei Xiaotong, Close attention should be paid to the development of intellectual resources, People's Daily, June 25, 1983. Policy conflicts in Post-Mao China, p.295.

truth from facts,” in turn, encourages returned and new journalists to report the developing trends, especially on economic reforms.²⁰

Following Deng’s call for further economic reform and opening-up, many newspapers took the lead by opening up business sections.²¹ With the fast economic growth, the political influence on business reporting was decreased to a minimum. As demand for business news skyrocketed, some top government officials allowed editors to run business sections by themselves, which has led to much more vigorous business reporting in China’s media today.

The China Daily is one of the Communist Party’s major publications for foreigners. Distributed at all tourist hotels in Beijing, the newspaper is designated to present overviews of reform policy and reviews of academic opinion under the instruction of the Central Party.²² Like all the other Party papers, the China Daily’s chief editor and senior editors are appointed by the Party. The newspaper’s editors and reporters are often trained in the United States or Britain in order to keep up the newspaper’s quality.²³ About 20 percent of journalists at China Daily are party members, compared to a much higher percentage at more tightly controlled papers.²⁴

²⁰ Id.p.10.

²¹ Since The Crackdown, Don’t Force Us To Lie, p.85.

²² China Daily, Don’t Force Us To Lie, p.144.

²³ Id.

²⁴ Kelly Haggart, Reporting the News From China, Royal Institute of International Affairs. 1992, p.55.

With a circulation of about 150,000, China Daily has launched same-day publication in several parts of the world, via satellite link from its Beijing headquarters to printing plants in Shanghai, Hong Kong, London and New York.²⁵

China Daily's business reporting, can be seen as having been inspired by China's reform and opening-up policy.²⁶ The news has covered more business enterprises and the editorial has touched the fundamental problems in China's economy, such as backwards agriculture.²⁷ Even so, in the China Daily, criticism has been sensitive and carefully selected not to touch the Party's line. Especially when the criticism is involved with politics, the written ones have to be accepted by the readers at the workplace.²⁸

British Rules And Political Transition:

A vigorous press had grown up to serve as weapons in the new battle, a press that perhaps represented more political persuasions, more partisanship, more prejudice and bias than any other press in the world's history. ----Chan Kuo-sin²⁹

Hong Kong's media is unique, politically, economically, and culturally. Hong Kong's press is a symbol of Hong Kong, a meeting place for East and West, for news and sensational events.³⁰ It is said that Hong Kong started a place of refuge for Chinese politicians and warlords---even criminals--- who had fallen out with the

²⁵ Political Handbook of The World 1998, Ed. By Author Banks, etc. CSA Publications, State University of New York, 1998.

²⁶ Id.p.89.

²⁷ Id. Farmers Face Tough Challenges, Jan. 13,99, p.4

²⁸ Kelly Haggart, Reporting the News From China, p.55.

²⁹ Chang Kuo-sin, Hong Kong, Newspapers In Asia, p.82.

authorities.³¹ A vigorous press has grown up during two world wars to voice more political influence, more partisanship and more prejudice than any other press in the world's history.³²

Under British rule for a century, Hong Kong's press has been both cooperating with and confronting the colonial regime.³³ On one hand, the press has its own functioning system and management independence from the government or political powers. On the other hand, the British rule has controlled the Hong Kong's press through laws, such as a press ordinance which makes press coverage of unauthorized official information illegal.³⁴ Journalists in Hong Kong have to follow the rule of cooperating with the British government to maintain the newspapers' power by appealing to an elite audience with first-hand official news.

Ties between Xinhua and Hong Kong's press have tightened since the British-Sino Joint Declaration to the turnover of Hong Kong's sovereignty, launched by Deng Xiaoping in 1984.³⁵ The political transition of Hong Kong from the British to the Chinese government has only slightly influenced Hong Kong's news style. Despite the Chinese promise to keep Hong Kong's autonomy in both economy and politics, China's largest news agency, Xinhua,

³⁰ Id., p.78.

³¹ Id., p.78.

³² Id. Newspapers in Asia, p.82.

³³ Joseph Man Chan, Mass Media and Political Transition: The Hong Kong Press In China's Orbit, p.39.

³⁴ Id. P.41. The press didn't enjoy as complete right as the American media, but was ruled by the British Official Secrets Act of 1911, which was modified in 1971 yet still made illegal press coverage of unauthorized official information.

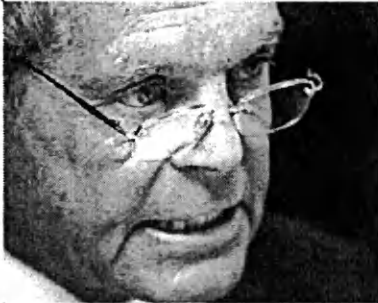
³⁵ Coopting the Press, p.49.

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Upgrading: a group of investors led by Simon Murray has won shareholder approval to turn a 134-year-old building-materials supplier into a high-technology venture-capital company. *Picture by Ricky Chung* [Full Story](#)

June launch for e-futures

Hong Kong Exchanges and Clearing has set June 5 for the long-awaited launch of electronic trading in Hang Seng Index (HSI) futures and options. [Full Story](#)

HKCB beefs up consumer-finance unit

HKCB Bank Holding will acquire HK\$905 million-worth of residential mortgage loans from a subsidiary in another move to expand its consumer-finance business.

Challenge boosts Jardines stock despite hurdles

Investors broadly applauded shareholder activist moves to dissolve the Jardines cross-shareholding structure, but remained sceptical that the action would be successful given the formidable legal defences wielded by the controlling Keswick family.

Curtain falls on Siu-Fung debt saga

Siu-Fung Ceramics is to be wound up after more than three years of botched rescue attempts, with creditor HSBC unwilling to entertain a last-ditch bid to restructure debts of HK\$2.4 billion.

Wednesday, May 10, 2000

Hang Seng Index (Wednesday close):

14492.92 -283.98 -1.92%

Nikkei-225 (Wednesday close):

17701.47 -143.07 -0.8%

FTSE-100 (Wednesday close):

6100.6 -23.2 -0.38%

Dow Jones Industrial

(Wednesday close):

10367.78 -168.97 -1.6%

US 10-year bond yield
(Wednesday noon): 6.48%

US 30-year bond yield
(Wednesday close): 6.16%

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has encroached on Hong Kong's press with its Chinese official news.³⁶ Xinhua attracts Hong Kong's media with news and access to news system, from which Hong Kong's journalists are separated.

Founded by a British journalist, A. Cunningham, and a Chinese scholar, Tse Tsan-tsai, the South China Morning Post is a unique production of Chinese viewpoint expressed in a British Colony.³⁷ Its editorial supports reforms in China, while its news represents British vested interests in Hong Kong.³⁸ It started to make a profit in 1908 and expanded its Chinese editorial, calling for railway development, political reform and education. It even stressed vigorous action against pirates who were threatening China's coast at that time.³⁹

The complicated history and also the intensity of newspapers compared to the population in Hong Kong determined that Hong Kong's media no stickler for ethics. At its worst, the reputation of Hong Kong's journalism is often described as "lackluster in performance," or even seeking sensational news because Hong Kong's journalists are tempted to take bribes under the condition of low pay and doors of government are closed.⁴⁰ Even so, Hong Kong's tangled society has supported the press in its position to inform and enlighten.

³⁶ Id. p.34.

³⁷ 70th Anniversary Review of South China Morning Post, March 1973. Newspapers in Asia. Id. P.81.

³⁸ Id. Chang Kuo-sin, Newspapers in Asia, p.81.

³⁹ Id. p.82.

⁴⁰ Id. p.94.

The Post represents a press style that combines a texture of British professionalism, Hong Kong media's sensationalism and the Xinhua's official news filter.

Dow Jones Tradition:

We think the next twenty-five years belong to Asia-and we want to be there when it happens.

*Peter Kann, first publisher of The AWSJ Weekly*⁴¹

Born in New York, the Asian Wall Street Journal Weekly inherits the spirit of the Wall Street Journal, which was founded by two gifted business reporters, Charles Dow and Edward Jones.⁴² Dow and Jones made it a policy to "aim steadily at being a paper of news and not a paper of opinion" in reporting financial news.⁴³ As for the international news, however, the Wall Street Journal's overseas-based journalists have a chance to look at "interesting subjects in a more subjective and interpretive way."

Most of the Journal's traits are handed down to the Asian Wall Street Journal Weekly edition (the Journal.) Especially when this edition is designed for the U.S. business readers, the Journal selects a report and analysis of the week's economic and political news from Asia, for the benefit of the U.S. readers with

⁴¹ Rosenberg, Jerry, Inside the Wall Street Journal, New York: Macmillan Publishing Co., Inc. 1982, p.235.

⁴² Rosenberg, Jerry, Inside the Wall Street Journal, p.235.

⁴³ Id.p.10.

THE ASIAN WALL STREET JOURNAL

WEEKLY EDITION

How The Asian Wall Street Journal - Weekly Edition Covers Asia

Founded in 1979 and headquartered in New York, The Asian Wall Street Journal - Weekly Edition is published by Dow Jones & Company every Monday.



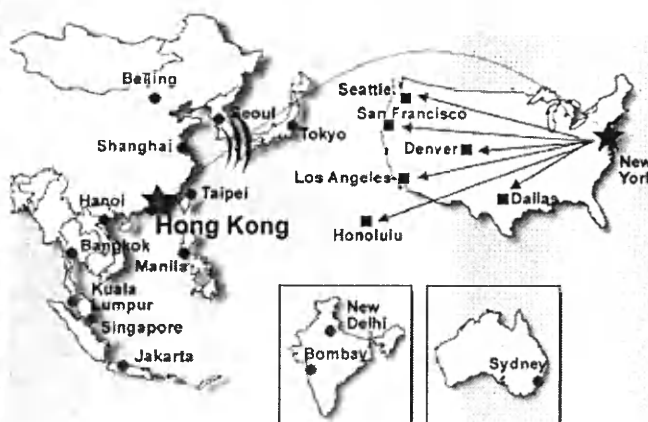
THE ASIAN WALL STREET JOURNAL



The Asian Wall Street Journal - Weekly Edition offers North American executives unparalleled coverage of the Asia-Pacific region. Focusing on business, economic and political news, the *Asian Weekly* provides market intelligence and comprehensive coverage critical to the overseas business community with interests in the Asia-Pacific region.

From the 15 news bureaus in major cities across Asia, the latest business and financial news flows through The Asian Wall Street Journal's Hong Kong publishing headquarters into the Dow Jones global news network. This news is then accessible to the *Asian Weekly's* editors in New York. Beginning Monday morning and continuing throughout the week, they select and edit news stories, update statistics, prepare editorial commentaries and index the entire issue's contents for the convenience of readers.

At the conclusion of Asia's business week, the *Asian Weekly* is printed in Massachusetts for immediate distribution to readers in North America and Europe.



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international interests.⁴⁴ The Journal's Western approach to news, therefore, represents the point of view of the national readers, who are interested in the emerging trends in Asia.⁴⁵ At this point, the Journal's objective mission and its subjective duty are crossed to produce a fairly comprehensive image of China's business, yet with the perception from across the culture.⁴⁶ Distributed first in the United States, Canada and Europe, the Journal is also available in Hong Kong and key capitals throughout Asia.⁴⁷

As Warren Phillips, chairman and CEO of Dow Jones & Company perceived, "We see the weekly as filling the need of American and European business executives for more comprehensive information on Asia's striking growth and the new opportunities being created there."⁴⁸

B. Cultural Contexts.

Asian Perception:

Chinese culture puts strong emphasis on the views of authorities, which can be seen especially at China Daily in reporting the central government's business policies. Cooperating with the authorities, which is also evident in Hong Kong's newspaper, remains a culture rule.⁴⁹ When the Chinese press was inaugurated with the new-born China, the primary function of the newspaper has been aimed at

⁴⁴ Id. p.245.

⁴⁵ Id.

⁴⁶ Bernard Cohen, The Press and Foreign Policy, p.109.

⁴⁷ Id.p.244.

⁴⁸ Id.p.244.

⁴⁹ Joseph Man Chan and Chin-Chuan Lee, Power, Media and Paradigms, Mass Media and Political Transition, p.33.

enlightening, educating and directing public opinion.⁵⁰ China Daily, understandably, symbolizes the Chinese propaganda press when it emphasizes advocating government policies, steady national growth and business prosperity.⁵¹ Even in China Daily's critical opinion, or official editorials, criticism appears to be constructive to the government and to the Party.⁵²

The South China Morning Post remains independent as well as true to its heritage of Chinese human style---cooperation with the authority in order to access news source in the government top level. Because the colonial regime of the British didn't give Hong Kong's media quite as much freedom as the U.S. media, the Post and many other independent newspapers rely on the government information service (GIS) before the sovereignty transition.⁵³ The GIS briefing from the Hong Kong administration, a frequent channel for releasing administrative information to the public in Hong Kong, did not function as an open news forum. More often, briefings were only open to prominent journalists or given to individuals upon request.⁵⁴ Under such circumstances, though GIS does not request that the media give favorable coverage, Hong Kong's media isn't seen to be too offensive to the government administrative.⁵⁵

⁵⁰ Id.p.29.

⁵¹ See text Part III. It has been discussed in China Daily's reporting style.

⁵² See Part II A. China Daily's Patterns of A Blooming Economy.

⁵³ Joseph Man Chan and Chin-Chuan Lee, Mass Media and Political Transition, p.52.

⁵⁴ Id.p.44.

⁵⁵ Id. P.41.

Since Hong Kong's transition, Xinhua's influence has expanded into the Hong Kong media.⁵⁶ For example, the most conventional way that Xinhua has deployed to ease relations between the mainland and the Hong Kong's press is to "throw lavish banquets and send gifts" while inviting the Hong Kong journalists into the National People's Congress.⁵⁷ Facing Xinhua's propaganda and offers of friendship ties, Hong Kong's journalists accept both.⁵⁸ As friendship in the Chinese context goes beyond cordiality, there is an implication for cultural obligations to repay interpersonal debts, "which has served to chip away at the critical posture of some journalists."⁵⁹ Numerous stories in the Post are with Xinhua today.

Free Press:

Covering China's business, the Western journalists take more efforts to understand the history, the present and the future. It's not easy to see the whole reform program in China not as a simple restoration of capitalism. Too often, the Western media allow their own skepticism about the democratic credentials of Deng Xiaoping to be overridden.⁶⁰ However, the Western media's ideology is given to professionalism as a response to the rise of market competition.⁶¹ Being professional, objective and neutral with facts segregated from opinion are priorities in a Western journalist's mission.⁶² As a result, the U.S.'s Journal differs from China Daily's

⁵⁶ Id. 52.

⁵⁷ Id. P.59.

⁵⁸ Id. P.59.

⁵⁹ Id. P.60.

⁶⁰ Mark Brayne, Reporting the News From China, p.69.

⁶¹ Id. p.29.

⁶² Mark Brayne, Reporting the News From China, p.64.

advocating style, which remains the government's mouthpiece.⁶³ Also, the Journal deviates from the Post in the sense that the Post would rather please the readers with more emotional news and colorful designs than making efforts to find the cause and effect.⁶⁴ For the Journal, its "stories had to be selected, reedited," emphasizing China's economic trends from the business professional eye.⁶⁵

Bridge between the East and West:

China Daily and the Journal share one significant journalistic skill--- the usage of anecdotes in reporting. For example, in the Journal's tour to a rural antique store,⁶⁶ the interesting description is similar to China Daily's regional report supplement, such as tourism rising in China's rural villages.⁶⁷

Nonetheless, the social, political and cultural dimensions result in a huge deviation in both reporting and editorial opinions in the three newspapers. As a result, the image of China business shifting through three newspapers is perceived like looking through a revolving stage. From different angles and different perspectives, the scenery changes.

⁶³ Liu, Alan, p.39.

⁶⁴ Chang, Kuo-sin, p.94.

⁶⁵ Id. p. 245.

⁶⁶ AWSJ, Jan. 18-24, p.4.

⁶⁷ China Daily, Jan.16, 99, p.5.

Part II. Differences and Similarities

*For too many Americans, China is a world away.
For the Chinese, China is the world.
---Allison Liu Jernow⁶⁸*

A. China's Economy

All three newspapers have a large proportion of articles covering China's economy stability, especially during the period of Asian Financial crisis. Generally speaking, China Daily portrays a picture of a dramatic booming economy⁶⁹, despite the lingering Asian financial crisis. The South China Morning Post reports China business in split attitudes. While covering the Chinese government's positive news release, the Post emphasizes the country's economic problems.⁷⁰ By contrast, the Asian Wall Street Journal Weekly reports China's economy critically with a tone of uncertainty.⁷¹

Reporting from the inside, China Daily looks at China's economy in an optimistic light. For example, the headline in China Daily is likely to be something like **Rapid Growth Possible**⁷². From officials' smiling faces in China Business sections⁷³ to the Business Weekly feature stories⁷⁴, the newspaper tells enough of successful big

⁶⁸ Jernow, Allison Liu, p.5.

⁶⁹ China Daily, Statistical Communique of the People's Republic of China on the 1998 National Economic and Social Development, March 1, 1999, Business Weekly, p.4.

⁷⁰ South China Morning Post, Mainland Worries, March 16, 1999

⁷¹ Asia Wall Street Journal Weekly, China's Boom Has Difficulties, Jan. 25-31, 1999, p.16

⁷² China Daily, Rapid Growth Possible, Jan. 2, 99, p.4

⁷³ China Daily, Jan.2, 99, p.3. photo of Lamp prize.

⁷⁴ China Daily, Jan.4, 99, Business weekly, p.1, photo of Shopping Hopes.

vendors⁷⁵, pocket-bulging farmers⁷⁶, ambitious entrepreneurs⁷⁷ and self-contented governors⁷⁸.

The annual report on the national gross production was fully covered in China Daily at the beginning of another fiscal year in March. The report wraps up the nation's economy review with solid economy statistics:

The national economy, reversing the once downward trend of growth rate in the first half of this year, kept fairly fast growth. Preliminary statistics indicated that the gross domestic product (GDP) of the year was 7,955.3 billion *yuan* (about \$1,000 billion), up by 7.8 percent over the previous year.⁷⁹

It's clear that the Chinese reports emphasize improvements and growth, despite declines in some economic aspects.

Catching the eyes with headlines such as **Zhu Warns of Difficult Year Ahead**⁸⁰, the South China Morning Post reports "crisis" in many business "drop" statistics. In the same news, the South China Morning Post points out the declines of China's GDP compared to the previous years in China:

Mainland economic growth has steadily fallen from a high of 14.2 percent in 1992, with this year's 7 per cent target a full percentage point lower than last year's.⁸¹

⁷⁵ Id.

⁷⁶ China Daily, Feb. 15, 99, p. 5, photo of a farmers market.

⁷⁷ Id. March 1, 99, Business Weekly, photo of Mr. Charles Wang. P.6

⁷⁸ Id. March 1, 99, Business Weekly, photo of recovered store, p.1

⁷⁹ China Daily, Statistics, Business Weekly, March 1, 99, p.4

⁸⁰ SCMP, Zhu Warns of Difficult Year Ahead, March 6, 99, cover story.

⁸¹ SCMP, March 6, 99, Zhu Targets Financial Reform Amid Slow-growth Warning. China-business, online.

South China Morning Post

INTERNET EDITION

Saturday, March 6, 1999

Zhu warns of difficult year ahead



Workmanship: Premier Zhu Rongji delivers his televised work report at Beijing's Great Hall of the People at the NPC opening yesterday.
Associated Press photo

Premier Zhu Rongji warned China yesterday to brace for slower economic growth but vowed to tackle challenges and obstacles head-on to push ahead reform. [Full Story](#)

Shanghai still in running for Disney: mayor
Shanghai insisted yesterday it was still in the running for a Disney theme park as company officials prepared to arrive in Hong Kong for talks today.

Law chief denies pressuring judge
Secretary for Justice Elsie Leung Oi-sie has denied pressing the Chief Justice into clarifying the Court of Final Appeal's abode ruling.

Hang Seng spurred by Telecom-Microsoft talks

The Hang Seng Index jumped 3.31 per cent to 10,241.12 points yesterday, driven by market heavyweights Hongkong

HSBC
Markets

BUDGET 99
Budget 99

Front Page
Hong Kong
China
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Focus
Sport
Property
Technology

Index
Archive
Special Reports

NPC and CPPC

Hong Kong's Future



MARKETS
UPDATE

Updated
throughout
the day

HSBC Markets

HK\$

US: 7.74

£: 12.47

Euro: 8.38

¥(100): 6.33

Yuan: 93.66

HANG SENG INDEX

10,241.12

(+328.36)

GOLD

London close (oz)

US\$288.25

(+\$0.20)

WEATHER

(4-day forecast)



Sunny. Temperature from
(68F) to 24C (75F).

Outlook: mainly fine.

Air Pollution Index:

<http://www.scmp.com/news/index.idc>

Noting **China faces Growing Pains**,⁸² the Asian Wall Street Journal Weekly depicts China's economy in a more thorough way---critical and analytical. With an eye on informing the readers of more than news, the Journal points out the potential problems in the Chinese labor market:

By focusing on infrastructure, the goal is to ensure growth doesn't slip much below this year's forecast of 7 %. Though that level is high by international standards, officials worry that the country needs 8 % growth to absorb the fast-growing labor force and millions of state-sector employees losing their jobs each year.⁸³

China's GDP of 7.8 percent means achievement and encouragement in China Daily; but in Hong Kong's Post, China's growth seems not as high as the past; while the Western journal is concerned that the decline of China's growth might cause economic distress. China Daily immediately reveals its official news style, in sharp contrast to the Post's critical and the Journal's analytical reporting styles. China Daily's style becomes even more obvious in reporting China's currency, as do both the Post and the Journal.

B. Devaluation

As a key issue in the world exchange market, China's concern over devaluation causes big panic for both Chinese and foreign investors. When the Chinese government speaks out to maintain the stability of the Chinese currency, all three

⁸² AWSJ, China Faces growing Pains, Jan. 4, p.1.

⁸³ AWSJ, China Targets Overcapacity, Feb. 8-14, 99, p.1-4.

China Faces Growing Pains

Highway Expansion May Be Leading Nation to New Struggles

By YU WONG

Staff Reporter

WEITING, China—Zhou Juan lives in a ghost town almost devoid of able-bodied men and women.

Since the yarn factory closed two years ago, her friends have taken the new highway that swoops through the village of Weiting on its way to boomtowns like Shanghai 50 kilometers away. Ms. Zhou, 29, would leave too if she didn't have a young son.

Instead, each day she dangles a fishnet bag of fist-sized hairy crabs, a local delicacy, at the trucks and cars whizzing by on their way to more prosperous places. On a good day, when the crabs are in season, she can sell a dozen bags of eight for 80 yuan each, or \$116 total.

This year alone China will spend more than \$20 billion on highways like this, and by 2010 there will be 36,000 kilometers of roads in a U.S.-style interstate highway system. It will be one of the most profound changes yet as China struggles to modernize by melding Communism with capitalism. And, as at the village of Weiting, not all the changes will be for the better.

Quality of Life

Along the 300-kilometer Huning Expressway, from coastal Shanghai to Weiting and on through the verdant Yangtze River Delta, new homes are crammed with refrigerators and big-screen TV sets. Yet roads like this are also a conduit for spreading crime, pollution and sexually transmitted diseases that the Communists had almost managed to suppress.

The railroads that once moved everything in China were ideal for the fixed schedules of a planned economy, says Richard Scurfield, a transportation expert for the World Bank in Beijing. But when the market decides where and how fast people and products move, highways are far more efficient.

The new roads are already hastening the spread of sexually transmitted diseases such as gonorrhea and syphilis, which the Communists nearly wiped out along with prostitution and drugs in the 1950s, according to a university study. A recent survey of truckers in southern China—where brothels dot the landscape and heroin addiction is growing—found more than 10% were infected with sexually transmitted diseases, including AIDS. "It's a huge problem," says Zhang Konglai, professor of epidemiology at the Peking Union Medical College,

But they also became the perfect channel for spreading crime, drugs and even disease, he says.

"China clearly wants the development, but is it prepared for the pain?" Mr. Lewis asks.

Putting City Back on the Map

It's a question residents are asking themselves in Changzhou, a small city situated between coastal Shanghai and industrial Nanjing. In ancient times the city prospered by shipping grain and silk up the Grand Canal, which was once used to link this region with the imperial court at Beijing. But during the past century of war and revolution the city was forgotten. "Now we're just known for our handmade combs," says Hua Yiping, an bureaucrat at the local Ministry of Posts and Telecommunications.

But the roomy four-lane Huning Expressway, divided by neat rose bushes and flower beds, has put Changzhou back on the map. Just off the expressway exit ramp, wide, newly paved boulevards are lined with high-rise offices, condominiums and luxury hotels. But the city's crime rate has soared. Thousands of migrants from poor inland provinces pass through daily in search of work on Changzhou's construction sites. Many end up homeless on the street. Some turn to crime. "It's not even safe to go out late at night anymore," grumbles Mr. Hua.

While Changzhou grapples with too



many people, tiny villages such as Weiting face the opposite problem. The brick and tile, slope-roof design of the village house hasn't changed in centuries—it's just that hardly any villagers live in those houses anymore.

"Everybody who can go has already gone," says Feng Tugeng, a 50-year-old farmer. His four-year-old grandson clings to him. The boy's father recently left work in a shoe factory 30 kilometers away.

Bone white Styrofoam, tossed by motorists, litters the roadside and the intended fields. "There's too much traffic, too much noise and too many strangers.

Continued on Page 9

THE ASIAN WALL STREET JOURNAL
WEEKLY EDITION

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Far Eastern Economic Review www.feer.com	T Rowe Price www.troweprice.com

newspapers catch this news, but each presents its own angles. China Daily reports the government point of view: “RMB to remain stable and safe.”⁸⁴ Neither the Post nor the Journal is nearly as confident. The Post observes the mainland’s currency with sympathetic concerns and portrays the government’s statements as being defensive, saying “Dai again ruled out *yuan* devaluation.”⁸⁵ Far from the confidence that the China Daily was holding, the Journal predicts China’s devaluation with a senior economist’s opinion in “Instead of devaluation the *yuan*.”⁸⁶

As predictions of devaluation lead to the Chinese officials’ concerns over the stability of China’s investment market, China Daily, like all other Chinese newspapers, tries to fully inform the public of the government’s words: Keep *yuan* safe. Numerous stories and opinions repeat the same news. In “Renminbi(*yuan*) Stability Has Sound Foundation,” China Daily reports the press conference by the governor of the Central Bank:⁸⁷

Central bank governor Dai Xianglong yesterday rejected renewed speculation about a possible devaluation of the renminbi this year, emphasizing that he is fully confident of the stability of the *yuan*.”

“As governor of the People’s Bank of China (PBOC), I can say I never even considered setting up a special group to research an opportune moment to devalue the renminbi,” Dai said.⁸⁸

⁸⁴ China Daily, Jan.4, 99, Business Weekly, p.1. RMB is the abbreviation of Renminbi, the Chinese currency.

⁸⁵ Id. RMB is also called *yuan* in Chinese.

⁸⁶ AWSJ, March 1-7, “Instead of Devaluating the Yuan,” p.17

⁸⁷ China Daily, March 12, 99, p1. Same title above; March 1, p.4 “Stable Yuan Has Solid Foundation.”; Jan.4, p1.(Business Weekly) “RMB To Remain Stable And Safe.”

⁸⁸ Id. March 12,99, p1.

Renminbi stability has sound foundation

By Zhao Shaoqin

CENTRAL bank governor Dai Xianglong yesterday rejected renewed speculation about a possible devaluation of the renminbi this year, emphasizing that he is fully confident of the stability of the yuan.

"As governor of the People's Bank of China (PBOC), I can say I never even considered setting up a special group to research an opportune moment to devalue the renminbi," Dai said.

He reiterated at a press conference yesterday in Beijing that there is a fundamental basis for maintaining the stability of the currency.

The renminbi has appreciated 5 per cent since 1994 and has remained stable despite the lingering negative impact of the Asian financial turmoil, Dai said.

China maintains a favourable balance of international payments, thanks to a moderate growth in exports, a steady increase in foreign capital flows, and stringent foreign exchange management, he said.

China has cut yuan interest rates and raised export tax rebates, while the prices of exported goods have remained stable.

China is adopting a prudent



Dai Xianglong

monetary policy this year to prevent the expansion of financial risks and stimulate domestic demand to back up economic growth, the governor said.

M2, which refers to cash in circulation plus all types of bank deposits, is projected to increase by around 15 per cent this year, while the indicative plan for credit growth for State-owned banks is set at 1 trillion yuan (US\$120 billion), a rise of 14.6 per cent, he said.

The volume of M2 hit 10.8 trillion yuan (US\$1.3 trillion) by the end of February, up 18 per cent over the same month in 1998. The outstanding amount of M1, cash in circulation, grew 16 per cent to 3.9 trillion yuan (US\$469 billion) at the end of last month.

Outstanding loans from financial institutions stood at 9.4 trillion yuan (US\$1.13 trillion) during the first two months of this year, up 14.5 per cent. Total savings deposits reached 10.5 trillion yuan (US\$1.27 trillion), an increase of 17 per cent on an annual basis, he said.

(Continued on Page 2)

CHINA DAILY

The straightforward quote from the governor, with a snapshot on the right top of the article, adds to the credibility of his words. The story continues to report details of China's financial background that support Dai's assertion. The only information that is not attributed to the governor is "the outstanding amount" of cash circulation of 3.9 trillion *yuan* (\$469 billion) by last February.⁸⁹

The same news covered by the Post sounds more objective and distant from the Chinese government point of view. The portrait of the governor of China Bank looks less convincing than that in the China Daily:

Central bank governor Dai Xianglong yesterday again vowed the *yuan* would not be devalued this year and denied it had set up an informal group to study the currency's devaluation.⁹⁰

In the same story, the Post introduces the opinion of Luxembourg Prime Minister Jean-Claude Juncker, who is considered "one of Europe's brightest politicians."⁹¹ Juncker believes that China is having a "political choice" rather than "a monetary or economic one." The Post directly quotes:

They have also restated that, despite the problems in 1999, they will pursue a solid monetary policy. This is more a political choice rather than a monetary or economic one.⁹²

⁸⁹ Id. March 12, 99, p1.

⁹⁰ Id.

⁹¹ SCMP, Jan. 10, Insight P.4

⁹² SCMP, Jan. 10, Insight P.4

As Hong Kong's business has been known for its complexity and the fluctuation of its market, the Post reflects a similar style of diversity and sensational flavor, which can easily catch the readers' attention.

In the Journal, however, there is no word from the governor directly on covering the same issue. By showing the existence of Asian competitors and inside problems, an analysis predicts whether China would devalue:⁹³

The great *yuan* devaluation debate is under way, but the arguments on both sides are wide off the mark. On one side we have economists who forecast a devaluation of China's currency on the basis of a simple premise-other Asian countries have devalued by as much as 80%, boosting their competitiveness, therefore China must eventually follow suit. On the other side, observers who doubt Beijing will choose devaluation point out it would hurt china, both through a new round of competitive devaluation in Asia and increased repayment levels for external debt. Both sides miss the fundamental issue: China and its neighbors don't gain an advantage in competitiveness by debasing their currencies.⁹⁴

Written by Yonghao Pu, a London-based senior economist at Bank of China International, the opinion clarifies the complicated financial issue by its logical analysis. China must devalue *yuan* following the market trend because the author believes that the lingering Asian financial recession would eventually drag down the value of Chinese currency. However, the Journal could not ignore the Chinese assertion of keeping the currency strong. Another news story runs to update: "Fostering investor confidence."⁹⁵ The story interviews a colorful figure, Shanghai's mayor, to interpret the Chinese insistence of not devaluing the *yuan*:

⁹³ AWSJ, March 1-7, "Instead of Devaluating the Yuan," p.17

⁹⁴ The Asian Wall Street Journal Weekly Edition, March 1-7, 1999, p.17.

⁹⁵ Id. "Fostering Investor Confidence." P.6.

Commentary

... Instead of Devaluating the Yuan

By YONGHAO PU

The great yuan devaluation debate is under way, but the arguments on both sides are wide off the mark. On one side we have economists who forecast a devaluation of China's currency on the basis of a simple premise—other Asian countries have devalued by as much as 80%, boosting their competitiveness, therefore China must eventually follow suit. On the other side, observers who doubt Beijing will choose devaluation point out it would hurt China, both through a new round of competitive devaluation in Asia and increased repayment levels for external debt. Both sides miss the fundamental issue: China and its neighbors don't gain an advantage in competitiveness by debasing their currencies.

Now that 18 months have elapsed since the Asian crisis began it is time to draw some conclusions about devaluation. The table below suggests that most of the competitiveness initially gained by those Asian countries that devalued was quickly lost. This is due not only to a rebound in their currencies, but also to excessive inflation fuelled by rising import prices.

Against this, China has made some competitiveness gains through price declines, without allowing its currency to fall. The countries that devalued gained far less in competitiveness relative to China than we at first imagined. If you exclude the two most extreme cases, Indonesia and Malaysia, the average gain has been about 8% only. I have constructed a trade-weighted yuan exchange rate against the currencies of its main trading partners and it suggests that the yuan only appreciated by 3% from July 1997 to the end of January 1999.

It's certainly true that China's exports are hurting. In January this year exports registered one of the biggest falls in recent

More Competitive?
China's neighbors gained little from their devaluations by the end of January 1999.

COUNTRY	DEVALUATION (%)	CURRENCY RECOVERY (%)	EXCESSIVE INFLATION 7/97-12/98 (%)	COMPETITIVENESS GAIN (+)/LOSS (-)
China	0	0	-3.6	3
Indonesia	84	42	63.4	-21
Japan	22	21	-1	2
Korea	51	35	8.4	7
Malaysia	46	19	4.4	23
Philippines	40	13	11.9	16
Thailand	54	32	11.5	11

Source: Bloomberg

It is worth looking at third-party countries where much of the competition between China and other Asian exporters takes place. In 1998, China's exports to the U.S., the European Union and Latin America have increased by 16.1%, 18.1% and 15.5% respectively from the previous year. Exports to Japan, which ranks as China's third largest trading partner, slumped by 7% last year due to the collapse of Japanese domestic demand.

It is worth noting that, with the exception of the Philippines, all the Asian countries that devalued their currencies are experiencing negative export growth. Many Southeast Asian exporters rely heavily on imported raw materials. The higher cost of these parts is felt quicker than any subsequent rise in exports. In addition many exporters also face cash-flow problems as a result of the surging cost of servicing their U.S. dollar-denominated debt.

If China's competitiveness hasn't been eroded by external conditions, what about internally? According to my own research, I believe that China's competitive edge has been enhanced in the past two years while neighboring economies have suffered. First, the value-added element of China's export industries has been greatly up-

graded, higher value-added goods, which made up only 20% of total exports in 1996, increased to about 27% in 1998. A good example of this is the export of computers and computer components. World-wide shipments for the first 11 months of 1998 were 30% higher than the same period in 1997 and nearly double 1996 levels.

Before the Asian crisis, Southeast Asian labor costs in the manufacturing sector were about 2.5 times higher than those in China as measured in dollars. Though this gap shrank during the crisis, it is now widening again as currencies strengthen against the U.S. dollar and inflation starts to increase. Currently China's labor costs are less than half of its neighbors'.

China also is implementing a sweeping reform of its state-owned enterprises. This has led to a surge in urban unemployment, further depressing labor costs and maintaining the country's competitive edge. Meanwhile overcapacity has become a serious problem as about 67% of its key manufactured products are discovered to be in oversupply. To combat this problem a variety of measures have been taken. These include closing down mines, scaling back petrochemical and steel production, and reducing manufacturing of low-quality items.

unemployment and advancing technology. It is estimated that in the past two years, China has seen an annual average growth rate of manufacturing productivity of about 7.5% versus 4.3% in the U.S. This is especially relevant when one looks at the downward bias and depressed demand situation in China against the accelerating demand scenario in the U.S. Fast growth of manufacturing productivity has laid a solid foundation for both China's competitiveness and its currency.

In 1998, other important economic factors in China have supported the currency: a 5% real interest rate, compared with 3% in the U.S.; a 2.6% of gross domestic product current-account surplus against a 2.7% deficit in the U.S.; and 8% industrial-production growth against 4% in the U.S. In the coming years these economic leads are likely to be sustained.

All of this isn't to say that China has no difficulties. On the contrary, it faces a number of related serious challenges on the domestic front. These include restructuring of the state-owned enterprises, rising unemployment, weak domestic demand, deflation, reforming of the financial sector and tackling of bad debts. All of these problems are either structural or cyclic, but none can be resolved by using a devaluation shortcut. The same can be said for the current slump in exports—a drop in the value of the yuan wouldn't stimulate demand in Japan and other crisis-hit countries.

But debasing the yuan can't revive exports or help China's export industry to reform and upgrade. Rather it would erode the confidence of foreign investors and harm Asia's recovery, which China badly needs. To restore export growth, China must continue to rationalize its industries, reduce overcapacity and further upgrade the value-

China's insistence that it won't devalue its currency is necessary to avoid damaging foreign investors confidence and crimping future capital inflows, Shanghai Mayor Xu Kuangdi said.

... "We would rather see growth slow down slightly than create more problems through a *yuan* devaluation," he said.⁹⁶

Such a voice adds another side story to the business section for the Journal.

Unlike China Daily and the Post's direct quoting Chinese assertion, the Journal follows its western-style skepticism about the devaluation issue. Even after Shanghai's mayor informs the Journal of the Chinese government's stance, the story continues with its doubtful attitude toward the issue, believing that if the *yuan* remains unchanged, the country's economic growth would "slow down slightly".⁹⁷

C. Private Enterprises.

If the government's promise of keeping currency stable can be proven in a short period of time, journalists will have to wait a much longer period of time to see China's privatization policy come to fruition.

Legalizing private enterprise is one of the most significant issues in China, following the former Chinese leader Deng Xiaoping's idea of reform and opening-up.⁹⁸ Privatization is considered the essential step that the Chinese government faces to complete the economic modernization task in a short period of time. The China Daily tries to inform the public of the government's policy through the official point of

⁹⁶ Id.

⁹⁷ Id.

⁹⁸ Allison Liu Jernow, *Frenzy For Money, Don't Force Us To Lie*, p.13.

Beijing to aid private firms

By Shen Bin

The Beijing municipal government recently issued a document to encourage vigorous growth in the private economy.

The document, called "Policies on Supporting Development of the Private Economy," was jointly formulated by the Beijing Planning Commission, the Beijing Economic Restructuring Committee and the Beijing Administration for Industry and Commerce.

The government will support "large qualified private firms" in the areas of "bonds issuance and stock listings" for companies that have been "transformed into shareholding enterprises," according to the document issued at the end of last November.

Spurred by the liberalizing trend, the privately owned User Friend Software Co and Huapu Enterprise Group have applied to compete with State-owned companies for the limited number of stock listings available. No private firm in Beijing has been granted this privilege in the last decade.

Individual businesses and private firms are encouraged to participate in the reform of loss-making State-owned enterprises through acquisitions, mergers, leases and equity holdings, according to the document.

During the process, preferential treatment will be granted in terms of land-use rights, debt payment, and settlement of staff.

Random fee collections from

private firms must be halted, otherwise those responsible will be punished.

"The measures are the most comprehensive and radical ones Beijing has ever publicized in bolstering the private economy," said Wang Ronghui, chief economist with the Beijing Economic Restructuring Committee.

As far as the whole nation is concerned, Beijing is not a trailblazer for these sorts of incentives. Guangdong Province, Shanghai and some inland regions began to implement similar policies much earlier than Beijing.

The move is expected to give rise to a few highly-visible pilot ventures, Wang said.

The registered capital of individual businesses and private

firms in Beijing totalled more than 32 billion yuan (US\$3.85 billion) by last June, with nearly 700,000 people employed by them.

The figures excluded hundreds of private businesses registered in other provinces but headquartered in Beijing.

The document stipulates that when private firms acquire the debt-ridden State-owned enterprises, those debts will have maximum five-year repayment terms.

This may face obstacles in practice, though.

"The creditor bank of the debtor enterprise rejected the provision when we applied for installment payments. Instead, it still required a lump-sum full payment of loans as prerequisite," said a president of a privately-owned firm, who de-

clined to be named.

The private firm is mulling taking over a nearly bankrupt State-owned textile plant in downtown Beijing.

"We offered to hire the former laid-off workers, and promised to pay all the debts over an extended period, but they refused this," he said.

In fact, restructuring in the banking sector has forced banks to be immune to administrative orders of local governments as the central government remains concerned that abuse of power will increase the amount of non-performing loans.

Analysts say local governments, as a roundabout route, may try to offer tax breaks to the private firms to partly mitigate their burdens after buying out State enterprises.

view. Backed up by the authorities, the China Daily says “the Beijing municipal government recently issued a document to encourage vigorous growth in the private economy.”⁹⁹ It’s common for the Chinese media to release the government’s new rules in an opportune moment. Half a month later, another story entitled “Private Sector Gets Solid Backing,”¹⁰⁰ reported the government lawmakers’ new proposal and pointed out the meaning of this move:

The law, if passed, will be a new initiative taken by China in its efforts to cultivate promising growth areas for its economy in the face of slowing economic growth.

China's private sector emerged in the late 1970s and has grown quickly in the past 20 years.

The country has recently taken some measures to remove obstacles hindering the private sector's development.

Earlier this year, for the first time, a group of private corporations were granted licences to handle foreign trade on their own.¹⁰¹

More importantly, the China Daily also reports that the government hesitates to take any large stride: “But Jing ruled out the possibility that the country will privatize its economies on a large scale, said Jing Shuping, a president of the All-China Federation of Industry and Commerce.”¹⁰² By making a brief note of the new policy’s limitation, the Daily’s journalists advocate for the government how far the policy can go.

⁹⁹ China Daily, Jan.4, 1999, Business Weekly, p.8

¹⁰⁰ China Daily, Jan.4, 99, p.2.

¹⁰¹ China Daily, Country To Draw Law To Protect Private Firms. Jan.18, 99, p.5.

¹⁰² Id.

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China May Legitimize Private Enterprise

Proposed Constitutional Change Would Mean Easier Access to Bank Loans

By IAN JOHNSON
Staff Reporter

BEIJING—The story of one of China's leading entrepreneurs shows why the nation's communist authorities are trying to legitimize private enterprise—and why what they're doing is long overdue.

Just 42 years old and stylish in a double-breasted suit, Feng Lun ought to be a standard-bearer for China in global competition. His Vantone Group would have been unimaginable when China started its economic reforms 20 years ago: a purely private development and investment company that employs 2,200 and builds some of the capital's most prominent office towers. Likewise Mr. Feng: He was fired from the government for his association with antigovernment protesters in 1989, yet today he participates in government-sponsored business round tables.

The advice he gives is what China's Parliament began taking last Tuesday—to legitimize entrepreneurs like himself. A proposed change to the country's constitution would recognize private business not just as a "supplement" to the "socialist, public-owned economy," but as an "important part of the socialist, market economy."

Parliament began debating the measure Tuesday and is due to approve it this week.

'Deviant Behavior'

The new wording may seem like a small, semantic step forward. But private enterprises hope recognition in the constitution will mean easier access to bank loans, listings on the stock market and greater protection under the law, not the discrimination of the past.

"Private enterprise is synonymous with deviant behavior, like having a second wife," Mr. Feng says. "These deep cultural prejudices still exist in people's minds."

Lately, though, China's need for more entrepreneurs like Mr. Feng has become painfully obvious. China's half-market, half-socialist economy favors unprofitable government enterprises, which are a drag on the economy. Beijing's leaders now realize they need jobs that private businesses can provide to stave off mass unemployment as the state sector withers.

But China's embrace of Mr. Feng and others like him remains half-hearted. China's state-dominated financial system, for example, still discriminates heavily against Mr. Feng. Like many entrepreneurs, he has trouble getting a loan; the

banks are owned by the state and do its bidding. Even when Mr. Feng can borrow, the amounts are sometimes inadequate, forcing him to borrow from fly-by-night trust companies that charge usurious rates of 25% to 30%.

State policy also bans private companies like Vantone from listing on the stock market or issuing bonds. The result: Vantone finances all its expansion through debt. Last year, for example, Vantone had revenue of \$36 million, profit of \$6 million—and made \$8.5 million in loan payments, or nearly a quarter of revenue.

Stunted Growth

That's hobbled Vantone, leaving it unable to sop up the state sector's unneeded workers, or provide China with companies that can compete internationally. Even in China, Vantone is small: Its revenue doesn't place it among the top 500 Chinese businesses.

Vantone's small size reflects the role private enterprise plays in China. Last year, purely private businesses—excluding "collectives" and "village enterprises" that are partially owned by local governments—only accounted for 11% of economic output.

Continued on Page 11

The South China Morning Post picks up China's privatization as top news. But the Post records the hard history of Chinese private business before, considering even under new circumstances, China's private sector still "orphan under new Law."¹⁰³

Early in 1997, the story "Shanghai private venture evokes Paris-of-the-East era" reports how a Hong Kong company helped Shanghai reclaim its status as the Paris of the East by launching the first private business club in almost 50 years.¹⁰⁴ To welcome the new rule of privatization, the Post covers the legislation:

Under the proposed changes, the private sector will become an "important component" instead of just a "complement" to the socialist economy.¹⁰⁵ In the past, the status of private firms was not clear and everyone worried whether or not their profits were protected.¹⁰⁶

On the other hand, the Asian Wall Street Journal interprets the Chinese constitutional revision through the Western angle:

Now, with China's economy continuing to slow, the constitutional changes are seen as a way to bolster private enterprises that could create jobs for China's growing number of laid-off state workers.¹⁰⁷

Through an introduction of what private enterprises means in China by a Chinese scholar, the Journal reveals the skeptical attitude and slow cultural acceptance of the reform measure:

¹⁰³ SCMP, Sep.9, 99, "Private enterprises still orphans under new law, By Christian Chan, Sep. 9, 99.

¹⁰⁴ SCMP, Shanghai private venture evokes Paris-of-the-East era, Ruth Mathewson, June 4, 98.

¹⁰⁵ SCMP, March 15, 99, online.

¹⁰⁶ SCMP, March 15, 99, online.

¹⁰⁷ AWSJ, Feb 8-14, 99, Beijing Moves to Help Protect Private Enterprise, p. 4.

“Private enterprise is synonymous with deviant behavior, like having a second wife,” Mr. Feng says. “These deep cultural prejudices still exist in people’s mind.”¹⁰⁸

According to the Journal’s tradition, the Western point of view could hardly stay on the surface of the facts. The Journal’s question about the motivation of China’s privatization has to resort to whether China’s privatization would really solve China’s fundamental economic problems.

Beyond the national economic issues, reporting on China’s international trade status becomes rather individual for each newspaper.

D. WTO and China

China’s World Trade Organization entry struggle invokes the most emotional and intensive coverage in the three newspapers. A final China-U.S. accord records a major breakthrough for China to enter WTO after a dramatic all-or-nothing negotiation by U.S. trade representative Ms. Barshefsky and Chinese Premier Zhu Rongji in the last month before the new Century.

However, the road to the successful deal has been too long. After a 13-year period of unfruitful negotiations with the United States, Chinese government seeks to join the global trade with a competitive position and fair trade relationship with more economic partners. For Hong Kong, WTO stands for Hong Kong’s easier entrance into the mainland business. For the United States, China’s entry to WTO could mean

¹⁰⁸ Id.

CHINA DAILY

Substantial progress made **WTO bid moving forward**

WASHINGTON (Xinhua—CD) — Chinese Premier Zhu Rongji and US President Bill Clinton issued a joint statement on Saturday on China's accession to the World Trade Organization (WTO), stressing the importance of continued efforts by the two countries towards China's early WTO entry.

The statement said Zhu and Clinton reaffirmed that the United States and China have achieved substantial progress in their common goal of China's accession to the WTO.

"This agreement and the significant consensus achieved on a broad range of market access and protocol issues have further advanced that goal," it said. "Clinton and Zhu welcome this significant progress."

"The United States strongly supports the accession of the People's Republic of China to the WTO in 1999," the statement noted.

Therefore, it said, Zhu and Clinton have instructed their trade ministers "to continue bilateral negotiations in order to

satisfactorily resolve the important remaining issues and reach agreement on strong commercial terms as soon as possible."

In addition, Minister of Foreign Trade and Economic Cooperation Shi Guangsheng said in Denver on Saturday that talks on China's entry into the WTO have entered the final stage, and China and the United States have reached a key agreement on farm issues.

Shi, who is accompanying Zhu on his visit, denied reports that China and the United States have resolved their differences on all WTO-related issues.

"This is the first agreement on the WTO signed between China and the United States, and both sides attach great importance to it," Shi said.

Reaching this agreement was no easy job, since negotiations on China's accession have been complicated and tortuous, he added.

"The two sides have not yet achieved consensus on all WTO-related issues — just the agreement on agriculture," he said.



(Left) Chinese Premier Zhu Rongji tries his hand at throwing a ball to Denver, Colorado on Saturday. At left is Colorado Governor Roy Romo. The two agreed to

Noting that talks on China's accession have already lasted 13 years, Shi said China will work to achieve a bilateral agreement on the WTO with the United States at an early date in accordance with the joint statement. This will pave the way for China's entry into the world trading bloc.

Zhu arrived in Denver, the capital

of Colorado, on Saturday morning from Washington, on the third stop of his US tour, which started last Tuesday in Los Angeles.

On his arrival Zhu said he was deeply impressed by the American people's friendly attitude towards the Chinese people.

"My current visit to the United

China's large market being open to the western investors. However, political reasons remain that Congress still debates on the conditions of China becoming a WTO member.¹⁰⁹

For the Chinese media, hope is the theme in reporting China's WTO negotiation. China Daily is headlined repeatedly "China WTO Entry Talks Progressing,"¹¹⁰ or "WTO Accession Position Reaffirmed."¹¹¹ In one story reporting U.S. Trade Representative secretary's talk with Beijing: "Progress Made In WTO Negotiations", China Daily covers the positive side fully:

China and the United States have made "some important progress" in negotiations over China's entry into the World Trade Organization (WTO), says US trade representative Charlene Barshefsky.

Barshefsky said her meetings with Zhu and State Councillor Wu Yi were "constructive," noting they agreed to hold further, expert-level discussions.¹¹²

Facing the national humiliation that China could not reach an agreement, China Daily reports a Chinese official's anger in a rather protective tone:

Shi blamed the United States for the so-called Sino-US package agreement on China's WTO entry.

"The list announced by the United States is inaccurate," Shi said. "China never consented to some of the items on it, although some of them have already been agreed upon," Shi explained.¹¹³

¹⁰⁹ AWSJ Weekly, Deal On WTO Eludes U.S. And China---Beijing's quick entry into global trade body now seems unlikely, April 5-11, 99, p.4.

¹¹⁰ China Daily, April 10, 98. Online.

¹¹¹ China Daily, July 27, 98. Online.

¹¹² China Daily, Progress made in WTO negotiations, March 31, 99, online.

¹¹³ Id. WTO: Progress made in Sino-EU discussions, May 7, 99, online

Business Post

US Senate rejects bid to make WTO entry tougher

REUTERS in Washington

The US Senate has rejected a proposal that would have made it harder for China to join the World Trade Organisation, handing a surprise victory to the White House in its battle against an anti-Beijing backlash in Congress over spying revelations.

However, the United States' growing trade deficit with China, seen in the latest trade report, has fuelled tensions in Sino-US relations.

The rejected provision, by Republican Senator Tim Hutchinson, would have required President Clinton to seek congressional approval before signing off on China's admission to the world trade body.

But by a 69-30 vote, the Senate refused to attach the amendment to a US\$1.9 billion (HK\$14.7 billion) aid package for hurricane-ravaged Central America and for Middle East ally Jordan.

The vote was a victory for the White House as it tried to minimise damage from the China spying scandal.

"This is a good signal that

these kinds of amendments face an uphill struggle in the Senate," Democrat Senator Max Baucus said.

The Republican-led Congress has been highly critical of Mr Clinton's policy of engagement with Beijing and the growing US trade deficit with China.

Commerce Secretary William Daley said US exports to China fell to their lowest levels in more than two years.

"This disturbing development reinforces the urgency that China presents a commercially viable offer in the current negotiations over accession to the World Trade Organisation," he said.

The Commerce Department said the deficit in goods with China soared 23 per cent to US\$4.9 billion. China replaced Japan as the country with the biggest trade surplus with the US in September.

US exports to China fell in January to US\$779 million from US\$1.35 billion in December. The drop was due in part to falling sales of aircraft. Imports rose to US\$5.6 billion in January from US\$5.3 in December.

For the first time, acknowledging that problems remain to be solved within talks on WTO, the Chinese Minister of Foreign Trade and Economic Cooperation Shi Guangshen admits frustration on the WTO issue. Also, for the first time, the China Daily reports the Chinese unsatisfactory mood on the issue. Sensitivity and official opinions are closely connected with the Chinese media.

As a member of the WTO, Hong Kong regards China's WTO process with sympathy and anxiety. In the first place, The Post considers China is making big progress, followed by the U.S. representative's report on the unsuccessful dialog between the two sides in "Ground Made In WTO Talks:"¹¹⁴

"On this trip we have made important progress in the overall negotiations and we have made good progress in each of the [key] areas," she said yesterday referring to goods, services and agriculture. She ruled out any kind of special treatment or any kind of half-way house to WTO membership for Beijing.

"There is no mini-package, no sweetheart deal, there is no such thing a special observer status and no such status will be created," she said. Ms Barshefsky repeatedly stressed that the mainland's entry could take place only on what the US saw as commercially viable terms and ruled out "a political accession".¹¹⁵

The Post's sympathy towards China's entry into WTO could be understood from the event's impact on Hong Kong's business, particularly further entrance into the Chinese market.

¹¹⁴ SCMP, March 5, 99, online.

¹¹⁵ Id.

WTO Fervor Is Renewed

Talks Progress, but Key Issues Still Unresolved

By IAN JOHNSON

Staff Reporter

BEIJING—After a year of fruitless talks, the U.S. and China appear once again to have put back on track negotiations aimed at allowing China to enter the World Trade Organization.

U.S. Trade Representative Charlene Barshefsky said last Thursday that the two sides had "very good meetings and made important progress." While declining to reveal details, Ms. Barshefsky said China had become more serious about joining the world body after a period during which talks had become perfunctory.

Noting that foreign investment was falling in China after years of spectacular growth, Ms. Barshefsky said "plainly there has been a realization in China over the past year" that entering the WTO would help reassure investors and strengthen China's reform program. WTO requirements for lower tariffs may also appear more desirable, she said, because China has recently decided to combat smuggling. If the country doesn't lower tariffs, smugglers will continue to find their trade too lucrative to pass up, she said.

No Sweetheart Deals

Ms. Barshefsky also said Chinese Premier Zhu Rongji's trip next month to Washington, as well as a new series of WTO trade talks set to start later this month, had lent impetus to the talks. A deal on WTO would lend substance to Mr. Zhu's trip, while China's entry into the body would allow China to participate in the new round of talks, which are aimed at liberalizing agriculture, a key part of China's economy.

Ms. Barshefsky, however, was quick to kill recent rumors that China would be granted "special observer status"—a form of partial membership that would allow it to participate in WTO negotiations without having to meet WTO requirements for more-open trade policies. "There is no minipackage. There is no quick fix. There is no sweetheart deal. There is no such thing as special-observer status, and no such status will be created," Ms. Barshefsky said.

Though the tenor of the meetings seems to have improved recently, Ms. Barshefsky said that wide differences remain between the two sides, such as U.S. access to China's agricultural market, and that "important issues" weren't discussed. "China's accession must be on commercially viable terms," she said.

Earlier Disappointment

China's most recent efforts to join the WTO and its predecessor organization, the General Agreement on Tariffs and Trade, have gone on for 13 years and have often ended in disappointment.

Ms. Barshefsky said that two months ago Chinese negotiators made a point of telling her that they were serious about entering the WTO. That was followed by a visit to Washington by the Chinese trade minister and China's top WTO negotiator. Ms. Barshefsky said the Chinese visits were successful enough that China asked her to come to Beijing to carry on the talks. She said she was heartened enough by China's "seriousness of purpose"—including a two-hour talk with Mr. Zhu—to leave behind a small group of negotiators to continue her work over the coming weeks.

For the Western media, the American stories assume China's WTO entrance to be at a decisive stage in the trade relationship between the two countries. Business journalists are concerned about how much Western business could benefit from China's WTO membership. Therefore the Chinese government's reluctance in making concessions is portrayed as unfruitful and undesirable, contrary to China Daily or the Post's more understanding attitudes. For example, in the Journal's "WTO Fervor Is Renewed,"¹¹⁶ there is more attention to the conflicts and tensions between the two partners China and the United States from the viewpoint of the American and western countries' traders:

Beijing---After a year of fruitless talks, the U.S. and China appear once again to have put back on track negotiations aimed at allowing China to enter the World Trade Organization.

...

Ms. Barshefsky, however, was quick to kill recent rumors that China would be granted "special observer status"-a form of partial membership that would allow it to participate in WTO negotiations without having to meet WTO requirements for more open trade policies.¹¹⁷

The Journal concludes that China's efforts were "fruitless" when negotiations fell apart.¹¹⁸ The sense of criticism of the event sweeps through an analysis, using terms such as "No sweetheart Deal" and "Earlier Disappointment."¹¹⁹ The Journal's Western journalist reports directly about the U.S. representative's comments, which are not seen in the China Daily:

¹¹⁶ AWSJ Weekly, March 8-14, 99, p.4.

¹¹⁷ AWSJ, March 8-14, 99, WTO Fervor Is Renewed, p.4.

¹¹⁸ Id.

“There is no minipackage. There is no quick fix. There is no sweetheart deal. There is no such thing as special observer status, and no such status will be created,” Ms. Barshefsky said.¹²⁰

In another article, the Journal thoroughly analyzes why deals were not reached.

When U.S. representative Barshefsky made a comment on “substantial gaps” remaining, the analysis says:

Mr. Barshefsky’s comments were made as doubts rise in Washington over the merits of a deal with China. Some Clinton administration officials worry that agreeing to let China into WTO will give fresh ammunition to critics of the administration’s China policy. These critics say President Clinton is too accommodating of China.

...

Others argue that the concern over a potentially weak deal is a ruse masking a desire to abort any deal, so as not to alienate Congress and the administration’s labor allies. Indeed, Ms. Barshefsky has said repeatedly that she won’t accept a weak deal from China.¹²¹

Because it is being reported from the Western journalistic angle, China’s WTO issue appears controversial and uncertain in the Journal. The Journal’s comments on both the Chinese government and the Clinton administration politics indicate the Western journalistic thoroughness and objectiveness, a contrast to China Daily’s national fervor and the Post’s principal concern for the impact on the region’s business.

¹¹⁹ Id.

¹²⁰ Id.

¹²¹ AWSJ Weekly, Deal On WTO Eludes U.S. And China---Beijing’s quick entry into global trade body now seems unlikely, April 5-11, 99, p.4.

E. Bankruptcy And Law

One of the most characteristic examples of coverage in the three newspapers involves China's first case of a state-owned bank's bankruptcy, which symbolizes the country's market-oriented reform reaching a new cornerstone. The three newspapers' approaches to this issue can be distinguished in their intensive coverage of the shutdown of the Guangzhou International Trust & Investment Corp (Gitic) by the local government, for its \$4.3 billion in debts.¹²²

Despite all the concerns from both national and international investors, China Daily chooses to report the bright side of the story in line with the official point of view, saying that the event is beneficial: "The bankruptcy application is also beneficial for protecting creditors' interests, and the liquidation committee fully respects Gitic's decision."¹²³

Both Hong Kong and the U.S. news catch the furies from those involved in this shocking event. The South China Morning Post defines the Gitic issue as the "mainland's largest financial failure," and "by no means the first one."¹²⁴ In covering a U.S. company's loss in the bankruptcy, the Asian Wall Street Journal reporters cast a critical eye toward the uncertainty of Chinese bankruptcy law.

The South China Morning Post publishes more than 11 articles on the Gitic issue during the first three months of this year, compared to several brief introductions of the story in China Daily. Representing another group of interests, the

¹²² Chinese Officials declare Gitic bankrupt. http://www.barney.co.za/news/jan99_gitic11.htm,

¹²³ China Daily, GITIC applies for bankruptcy, Jan.15, 99, p.5.

Post's news exposes the conflict from the viewpoint of creditors from Hong Kong, venting their anger and demanding a solution from the Chinese local government. In "Gitic Creditors Criticize Official Silence on Debt," the Post launches an article on Hong Kong's bankers' protest on China Bank's Gitic meeting:

We creditor banks strongly demand Beijing give a clear signal of its position on the issue-how much has been left to repay us after the liquidation, how to repay and when to repay," a Hong Kong-based banker with a European bank said yesterday.¹²⁵

Approaching the same issue in a deeper analytical report, the Asian Wall Street Journal delves into the inner meanings as well as the outside repercussions of "China's biggest-ever corporate collapse."¹²⁶ Therefore the Western angle regards the Gitic's cleanup exercise as a test case for China's bankruptcy law:

Guangzhou-Foreign creditors in China's biggest ever corporate collapse are discovering that the liquidation of state-owned assets under China's rudimentary bankruptcy law isn't the transparent exercise of bankruptcies in the west.¹²⁷

But Goldman says it's protected in other ways. "We have received assurance from Beijing," says Henry Cornell, the partner in Hong Kong in charge of Goldman's private investment business. "We have no problem with Gitic or Gitic's estate," he adds.

In China's shifting legal environment, however, it is hard to know how much such an assurance is worth, say lawyers familiar with the issue; legal decisions are often a matter of administrative fiat rather than black-and-white rules.¹²⁸

¹²⁴ SCMP, March 11, Gitic's Failure Puts Untested Bankruptcy Law In Focus.

¹²⁵ SCMP, Jan.7, Gitic Creditors Criticise Official Silence on Debt, by Christine Chan and Matthew Miller, Business post,p.1.

¹²⁶ AWSJ, Jan.25-31, Gitic's Liquidation Process Is Foreign to Many Lenders, By Craig S. Smith, p.2.

¹²⁷ Id. Line 1-6.

¹²⁸ AWSJ, Feb. 22-28, Headache for Goldman Sachs? By Herry Sender, p.4.

The predictions focus on the bank's credibility for foreign investors,¹²⁹ and how the international banks would be affected.¹³⁰ Unlike the Post's explosive "disappointment and frustration,"¹³¹ AWSJ critiques the serious situation through people's "worry" and uncertainty about the inside "transparency," which loudly requests a lawful consideration for protecting the investors interests from the government level.¹³²

Overall, reporting on similar events or topics, the three newspapers reveal individual characteristics. A detailed portrayal of the three newspapers' personalities can be seen in their reporting patterns, which feature each publisher's journalistic formula.

¹²⁹ AWSJ, Jan.25-31, Citic's Liquidation Process Is Foreign to Many Lenders, p.2.

¹³⁰ AWSJ, Feb.22-28, Headache for Goldman Sachs, p.4

¹³¹ SCMP, Jan.7, Citic Creditors Criticise Official Silence on Debt, p.1.

¹³² AWSJ, Feb. 22-28, Headache for Goldman Sachs? By Herry Sender, p.4.

Part III. Patterns And Features

Newswork is highly addictive. It is the cocaine of crafts.
---William Kerby¹³³

From China Daily's booming economy, to the Post's market news, to the Journal's insightful analysis, patterns are shifting from the East to the West.

To be specific, China Daily's news is meant to inform the public of Chinese economic initiatives and to introduce the country's business health. While the AWSJ Weekly investigates and speculates on China's economic strength and crisis, the South China Morning Post screens diversified business news to meet the needs of various groups of readers based in Hong Kong, who need both Chinese stories and Western angles.

A. China Daily's Portrayal Of A Booming Economy

Generally speaking, China Daily gives priority to official policies, government rules and activities of authorities. Flipping through China Daily is a pleasant thing because readers are assured that China's economy is stable and solid. Given the worsening Asian financial crisis that affects almost every country in Asia, China looks like a healthy market in China Daily, uninfluenced by the crisis.

The most heard news in the Chinese media after Mao, the founder of New China, is the success of the nation's reform and development, a radical move led by the prominent Chinese leader Deng Xiaoping.¹³⁴ A large variety of stories observe the

¹³³ William Kerby, Former chairman, Dow Jones & Company.

¹³⁴ Allison Liu Jernow, Introduction: Frenzy For Money, Don't Force Us To lie, p.8.

China: Hear No Evil

By Frank Ching



“ The Chinese want to hear praise and aren't too happy when faced with comments that are critical ”

In China, the official press is known for its predilection to *bao xi bu bao you*, or “reporting good news and not bad.” No doubt, this is a way to keep the populace happy and content. The Chinese leadership itself, it appears, is similarly disposed. Chinese leaders want to hear praise of China and its achievements and aren't too happy when faced with comments that are even mildly critical.

The Chinese reaction to two recent speeches given in Hong Kong by foreign diplomats illustrates this tendency. One speech was given by the British consul-general, Sir Andrew Burns, and the other by his American counterpart, Richard Boucher.

Boucher addressed the Hong Kong General Chamber of Commerce on January 25. While the bulk of his talk was on the economy, he also said that questions had been raised about whether Hong Kong may be “compromising a bit” on its basic principles. As examples, he cited “decisions in courts, decisions on who and who not to prosecute, intervention in the stockmarket, proposals to appoint members to revamped district councils and other changes in the election system.”

However, the diplomat said he wasn't accusing Hong Kong of abandoning its principles. “What I am saying,” he went on, “is that we are spending time debating whether or not Hong Kong is going backward when the focus should be on how Hong Kong is going forward. How

will Hong Kong build on its foundation of freedom, rule of law and limited democracy?”

That same day, a spokesman of the Chinese Foreign Ministry's commission in Hong Kong criticized Boucher for his remarks, saying: “It is inappropriate for a foreign consul-general in Hong Kong to make irresponsible and unwarranted remarks on such internal affairs of China.” At the same time, the spokesman defended the Hong Kong government, saying that its policies during the past 18 months had been well received not only by the Hong

Kong people but also by the “international community.”

The following day, Burns, the British consul-general, delivered a speech before the British Chamber of Commerce. He said the challenge was to “identify and encourage those sectors of the economy which are likely to remain competitive,” adding that he was confident that Hong Kong's traditional strengths and robust fundamentals would reassert themselves. The British diplomat stayed away from such touchy subjects as the government's intervention in the stock-market, democracy and the rule of law.

Xinhua, the official Chinese news agency, reported on his speech at length and without any accusation of interference. Evidently, voicing confidence in Hong Kong's future is different from voicing criticism. However, the situation changed a few days later when, in the wake of Chinese condemnation of a ruling by Hong Kong's Court of Final Appeal, the British consulate-general voiced “serious concern” over any possible moves to restrict the powers of Hong Kong's highest court.

The Foreign Ministry in Beijing immediately responded by saying that the court ruling was a domestic issue in which foreign countries should not interfere. Actually, of course, the British were a party to the Sino-British Joint Declaration of 1984, which led to the establishment of Hong Kong as a Special Administrative Region of China on July 1, 1997, an agreement that remains in force for 50 years. The British clearly have a responsibility to see that the treaty is honoured. Moreover, the immigration matters dealt with by the court stemmed from the Joint Declaration.

So, when Britain praises China for honouring its promises and for refraining from interference in Hong Kong, that praise is faithfully reported in the Chinese press. But when Britain says that the integrity of the Hong Kong court must be preserved, it is excoriated for sticking its nose into something which “brooks no interference from any other country.”

In 1984, China successfully lobbied Western countries to support the “one country, two systems” model for Hong Kong. Now, when these countries express concern, they are slapped down and told not to interfere. The Foreign Ministry says the “international community” supports Hong Kong's policies. One wonders why diplomats are members of the “international community” when they praise China, and not when they criticize it.



American diplomat Richard Boucher draws criticism for his remarks on Hong Kong.

March 4, 1997

Far Eastern Economic Review

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country's dynamic economic performance, such as "Euro's launch mixed blessing for China,"¹³⁵ "Visa to tap market potential,"¹³⁶ "Dupont to expand investment."¹³⁷

These stories use a broad range of images to reflect the fast changing market or reforms that resulted in the new look of the market economy.

Only a handful of articles cover the market crisis in China. This negative news still is reported in a way that can reflect a sense of self-criticism and mild suggestions, such as in "Poor quality costs lives,"¹³⁸ which reports about shoddy building material that led to a construction collapse. Other stories are titled "Vehicle sales decline sharply,"¹³⁹ and "Crop pests and diseases threaten winter wheat."¹⁴⁰

From the Chinese media's perspective, it's the Party line to report more reform and developing news, in order to reflect a solid economy picture.¹⁴¹ These articles include: "Financial reforms stressed,"¹⁴² or "SOE (State-owned enterprises)'s reform remains priority."¹⁴³ In China Daily, more than 40 stories from among a total of 50 portray the prosperity of the mainland economy in Jan.4's Business Weekly, when the country is preparing for the Chinese New Year.¹⁴⁴ In March, 75 percent of business stories report either economic growth or better business performance. Among eight cover business

¹³⁵ China Daily, Jan.4, 99, p.3.

¹³⁶ Id. Feb.12, 99, p.1.

¹³⁷ Id. March 15, 99, p.1.

¹³⁸ China Daily, Jan.22, 99, p.4.

¹³⁹ Id. Feb. 5, 99, p.5.

¹⁴⁰ Id. March 18, 99. P.2.

¹⁴¹ Far Eastern Economic Review, March 4, 99, China: Hear No Evil, by Frank Ching, p.31

¹⁴² China Daily, Jan.6, 99, p.1.

¹⁴³ China Daily, Feb.3, 99, p.3.

¹⁴⁴ China Daily, Jan.4, 99, Business Weekly.

articles in the first half of March, 1999, there are six stories stressing the positive side of the nation's reform and development:

Positive(+)/ negative(-)	News Headline	Date(1999)	Page	Column
+	Nation to improve environment	March 3	p.1	5 inches
+	Hong Kong sets growth rate target	March 4	p.1	8 inches
+	China US to narrow gaps on WTO entry	March 5	p.1	5 inches
+	Jiang: Hong Kong development "sound"	March 8	p.1	9 inches
+	Economic crimes to be curbed	March 11	p.1	7 inches
+	Renminbi stability has sound foundation	March 12	p.1	11 inches
	Exports to conquer growth hurdles	March 13	p.1	8 inches
	Unemployment benefit to expand	March 14	p.1	6 inches

(China Daily: Cover Stories on China Business, March 1-15, 1999)

After two stories focusing on Hong Kong's sound growth in "Hong Kong sets growth rate target" and "Jiang: Hong Kong development 'sound'," four articles indicate national economic transitions and development. Even in covering economic problems, such as unemployment issues and financial crisis, issues are addressed in a problem-solving way. The unemployment issue is reported from the angle of benefiting from the lay-offs, instead of exposing the unemployment rate across the

country.¹⁴⁵ In “Exports to conquer growth hurdles”, the story emphasizes the growing rate of national exports, while briefly touching the fact that the national economy growth is slowing down.¹⁴⁶ Dealing with economic issues positively was the biggest contrast to the reporting of the facts in the South China Morning Post and the analytical style in the Asia Wall Street Journal Weekly.

B. The Post's Critiques

The pattern of the South China Morning Post's business coverage reflects a more complicated portrayal than that of China Daily's. The Post's reporters try to show two sides of stories: one is the sensational marketing plunges during the Asian Financial crisis, the other is the encouragement of China's economic development.

The Post would typically print the detailed declines of growth statistics on the mainland, contrary to China Daily's many “ups.” Unlike China Daily's positive attitudes toward the national economy, the Post repeatedly points out bad news, revealing the business recession in Hong Kong, Taiwan and the mainland. Instead of China Daily's “growth,”¹⁴⁷ “increase,”¹⁴⁸ or “stable” condition¹⁴⁹, the Post reports “slowdown,”¹⁵⁰ “fall,”¹⁵¹ and “slump”¹⁵² in both Hong Kong and mainland's

¹⁴⁵ Interview with Wang, Zongxi. See Appendix 1.

¹⁴⁶ China Daily, Exports to conquer growth hurdles, March 13, p.1.

¹⁴⁷ China Daily, Jan.14, 99, Sino-EU Trade Sees Big Growth,p.5

¹⁴⁸ Id. Feb.15, 99, January China economy increase, p1.

¹⁴⁹ Id. March 16, 99, Premier Pledges Stable Yuan, Market Open, p3-4.

¹⁵⁰ SCMP, March 2, 99, Government Call On Battling Foreign Trade Slowdown, online

¹⁵¹ SCMP, Feb. 27, 99, Retailing Falls 17 pc as Assets Plummet , p.3

¹⁵² SCMP, Jan. 1, 99, Export Slump Set To Worsen, Business Post, p.3

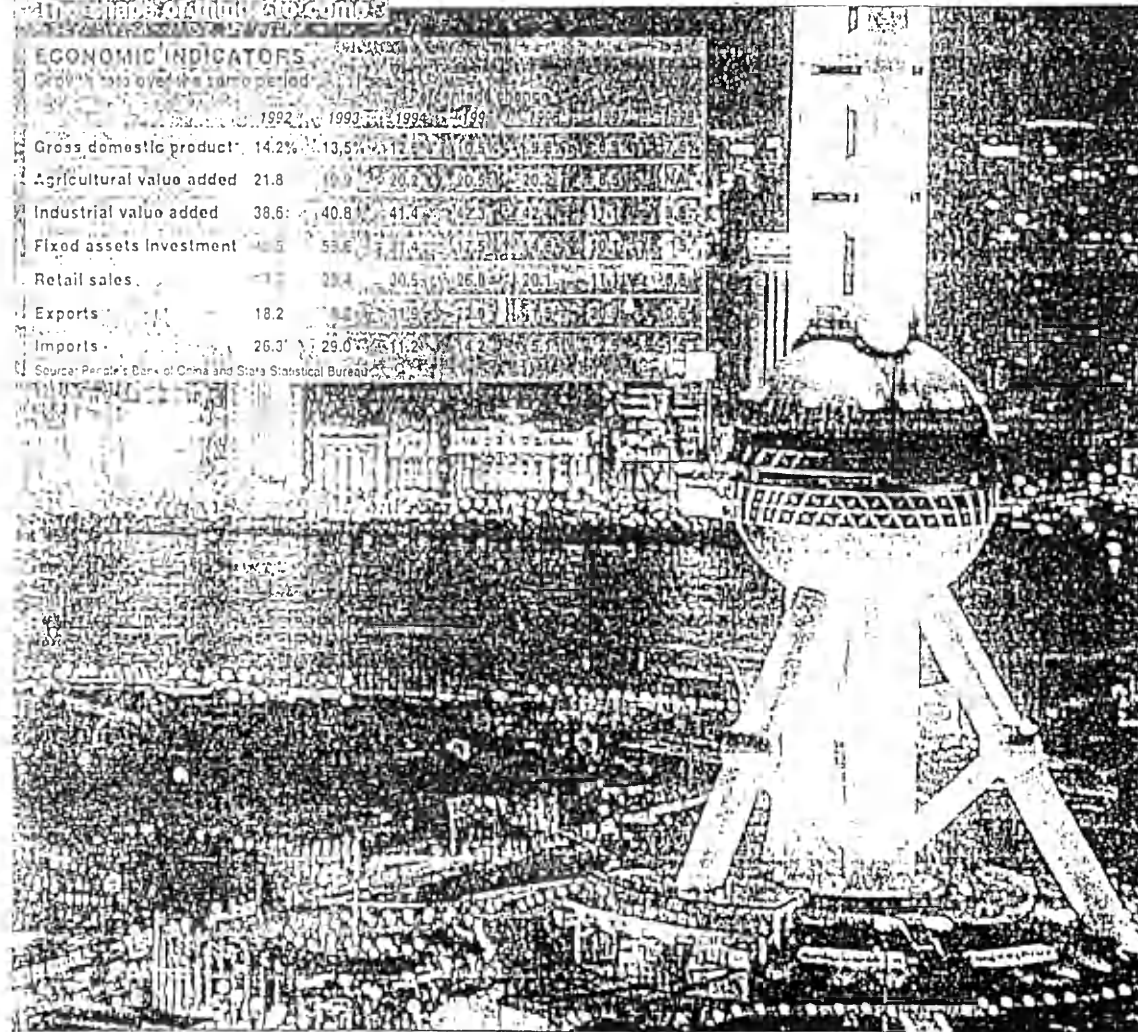
South China Morning Post

ECONOMIC INDICATORS

Growth rate over the same period

	1992	1993	1994	1995	1996	1997	1998
Gross domestic product	14.2%	13.5%	13.1%	12.7%	12.5%	12.3%	12.1%
Agricultural value added	21.8	20.2	20.5	20.2	20.1	19.8	19.5
Industrial value added	38.6	40.8	41.4	41.2	41.1	40.9	40.7
Fixed assets investment	40.5	53.6	51.4	51.5	51.4	51.3	51.2
Retail sales	29.4	30.5	30.0	30.1	30.1	30.1	30.1
Exports	18.2	19.3	19.7	19.5	19.4	19.3	19.2
Imports	26.3	29.0	28.1	28.2	28.1	28.0	27.9

Source: People's Daily of China and State Statistical Bureau



Buying prosperity

Real expansion depends on the private sector p2



Depression or boom?

Data confuses the true picture p3



In demand

City-dwellers still hunger for goods p4



Full speed ahead

Foreigners dive in at the wrong end p5



economy. In a report on cars in the Chinese market, “Production growth sinks to zero,” the story questions the mainland’s consumer production health, saying:

The mainland car industry saw zero production growth last year, reflecting the sluggish domestic demand which has led to calls on the government to take more steps to kick-start consumption. (Xinhua) ¹⁵³

Hong Kong is a place that is sensitive to business fluctuations. So is the Post’s business report.¹⁵⁴ Stories like “Hong Kong GDP shrink 5.1 percent,” ¹⁵⁵ “Taipei-economy up 4 percent as woes cloud growth,”¹⁵⁶ and “Christmas sales to key export areas decline”¹⁵⁷ are commonly seen news that function as indicators of the market.

A front-page story has the headline, “Property sales value plummets 61 pc as economic crisis hits.” But it doesn’t stop there; the real estate market has a new problem in the next page: Flat shortage seen after 2000.” The realty company Chi Cheung property is suffering losses in a number of transactions:

Given weakened market sentiment, developers would have to continue to release new residential projects at steep discounts or even at below development cost, analysts said.¹⁵⁸

Other sensational headlines see “Export plunge sets grim stage for growth figures,”¹⁵⁹ or “Exchange tumbles from top 10.”¹⁶⁰ Following-up articles inside the

¹⁵³ South China Morning Post, Jan.7, 99, Business Post, p.4.

¹⁵⁴ Chan, Joseph Man, & Lee, Chin-Chuan, Mass Media and Political Transition. 1991. p.1.

¹⁵⁵ Id. March 19, 99. Online.

¹⁵⁶ Id. Feb.9, 99, p.5.

¹⁵⁷ Id. Jan.1, 99, p.2.

¹⁵⁸ SCMP, Jan.4, 1999. Business Post, p.1.

¹⁵⁹ SCMP, Export plunge sets grim stage for growth figures, Dec. 29, 1999. Business Post, p.1.

¹⁶⁰ SCMP, Exchange tumbles from top 10. Dec.23, 1998, Business Post, p.1.

Business Post continue to paint the crisis picture in “More bad news for exporters,”¹⁶¹ and “Loss deepen in 36 percent surge.”¹⁶²

The Asian economic crisis becomes the main theme touching nearly every business topic in the Post. Financial crisis phenomena, economists analysis or official briefings are all surrounding the lingering business recession. More banking losses in Hong Kong is intensively covered. In “First bank loss for decade,” a Hong Kong Chinese bank becomes the first victim of bad loans during the Asian economic storm. Here the Post reports the criticism of the bad situation:

Bank chairman Mochtar Tiady said high interest rates resulting from the deepening of the financial crisis were to blame for its poor performance. High rates had affected many industries and pushed up the bank’s bad debts, he said.¹⁶³

In covering the government involvement in economy, the Post doesn’t seem to be afraid of attacking the administrative authorities, either. Unlike China Daily’s advocacy for the government in reporting China’s economic reforms and business policies, the Post holds a rather opposite stand. In “Jiang unveils ‘two-fisted’ graft policy,”¹⁶⁴ the Post reports China’s emphasis on both economic efforts and spiritual education critically. In “Guangnan chiefs quit amid probe,”¹⁶⁵ and “Loss-making state

¹⁶¹SCMP, More bad news for exporters. Dec.23, 1998, Business Post, p.2.

¹⁶²SCMP, Losses deepen in 36 pc surge. Dec.29, 1998, Business Post, p.4.

¹⁶³SCMP, March 20, 1999, Business Post, p.1.

¹⁶⁴ SCMP, Jan.7, 99, p.7.

¹⁶⁵ SCMP, Feb. 9, Business Post. p.1.

firms given clean-up deadline,”¹⁶⁶ the Post displays a critical view of government, portraying the government role in economy as weak and inefficient.

Though the Post is never hesitant to reveal aspects of the economic crisis or deteriorating company profits,¹⁶⁷ it also reports China’s international trade position in a sympathetic voice. Take the business section from March, for example. Top stories center on the positive side in China and Hong Kong’s international trade relationship. Among the listed 11 business stories dealing with foreign investment and relations, up to 90 percent were reported in a bright light. For example, half of these top stories focus on China’s market opening-up toward either foreign investors or international trade, such as in “Gates made deal with China” and “Beijing trout more overseas investment”¹⁶⁸:

	Story Headline	Date	Column	Position
+	Beijing trout more overseas investment	March 2	12”	China
+	Tax rebate to boost consumer confidence	March 4	8”	Main
+	WTO-Made important progress	March 5	7”	Main
+	Bill Gates & Hong Kong Telecom will serve microsoft in SAR	March 8	8”	Main
-	SAR salaries increased but lowest	March 9	8”	Hong Kong
+	Beijing raised rates on US & HK dollars to encourage currency inflow	March 10	15”	China

¹⁶⁶ SCMP, March 19, online.

¹⁶⁷ See SCMP’s worksheet

¹⁶⁸ SCMP, March 2, 1999, China Business, p.3.

+	Gates made deal with China	March 11	14"	Main
+	Dai again rules out <i>yuan</i> devaluation	March 12	13"	China
+	First on-line bookstore opened Tuesday in Beijing	March 13	14"	China
+	Private sector braces itself for new status	March 15	5"	China
+	Shenzhen lifts hi-tech standing with new fair	March 16	13"	China

(South China Morning Post: Cover Stories on China Business, March 2-16, 1999)

A partial list of the stories in the Post reflects the diversity of the news style in Hong Kong's media. Those stories are generally taken from the Chinese media source, such as the China Daily or Xinhua. Shifting from the Western critical view to mainland China's news sources, the Post stands neutrally and delivers its tolerant news style to all sides.¹⁶⁹

C. The Journal's Punches

The Asian Wall Street Journal Weekly reviews China's business critically with an in-depth analytical perspective. The Journal publishes intriguing detailed reporting of the region's financial changes and market trends. As the Asian financial crisis hits the region, news in the Journal portrays a gloomy trend in the economy of mainland China and an important business and financial region, Hong Kong. These depressed economic pictures are vividly portrayed in "Hong Kong companies are freezing hiring,

¹⁶⁹ Interview with Peter Koehn, see Appendix III.

China's Food Needs Loom Large Indeed

A Study to End All Studies, or at Least Clarify Them, Finds Middle Ground

By G. PIERRE GOAD

Staff Reporter

HONG KONG—One of the most heated debates about the global impact of China's massive economy has centered on food. Can China feed itself, or will it buy up the world's supplies? A Sino-U.S. research project has concluded that while both optimists and pessimists are too extreme, China will indeed need to import increasingly large quantities of food over the next 25 years.

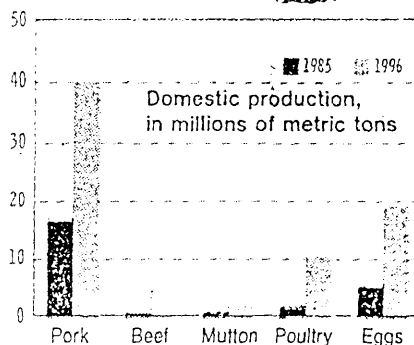
The implications are huge. China will be an important customer for agricultural exporters in Asia and world-wide. The numbers also suggest Beijing has some important decisions to make about food security as China's people begin to eat more meat.

Food supply is an emotional topic around the world; many governments view it as a national-security issue. Chinese demand for food is an especially hot issue, because of the numbers involved. When 20% of the world's population starts eating more chicken, the feathers start to fly.

Lester R. Brown, president of the World-

Feeling Peckish

Rising incomes have fueled demand for meat in China over the last 10 years.



Source: Millennium Institute

watch Institute, a Washington think tank, turned up the burners on the China debate in his 1995 book "Who Will Feed China?" Mr. Brown's alarming claim that exploding demand in China would push up food prices world-wide garnered a lot of attention—and criticism. Other forecasters flatly contradicted his projections, arguing that China can produce all the food it needs as demand

grows over the next 30 years.

The very wide range of forecasts prompted the Sino-U.S. study on food supply and demand in China. The resulting report, published last week, says the amount of land under cultivation in China has been underestimated for several decades by 30% to 40%. That means reported yields per hectare are much lower than previously thought, suggesting China has room to expand output by using better farming techniques.

But the report also concludes that some of China's key agricultural regions face potentially severe water shortages, among other problems. Those factors and government policy decisions over the next few years will help determine how much of an impact China has on world markets for agricultural products, according to the project report, which was coordinated by the Millennium Institute, an Arlington, Va., think tank.

Tough Decisions

The researchers reviewed seven models used to forecast Chinese grain supply and demand. Grains such as rice, wheat and corn are the main focus of the report, since they are consumed directly and are the key input in livestock production.

Continued on Page 12

40 percent lay off,”¹⁷⁰ “China’s food needs loom large indeed,”¹⁷¹ and “Disney may go to Hong Kong,”¹⁷² etc.

China’s market certainly receives more coverage as the Journal pays great attention to the potential of the nation’s economy. In “China’s Food Needs Loom Large Indeed,” the article points out that China’s food demand, which has enormous positive implications for business, also carries with it some negative consequences, such as higher food prices:

Food supply is an emotional topic around the world; many governments view it as a national -security issue. Chinese demand for food is an especially hot issue, because of the numbers involved. When 20% of the world’s population starts eating more chicken, the feathers start to fly.¹⁷³

The Chinese market trend does not seem so positive in the Journal analysis when the analysis turns out to conclude that China couldn’t feed herself. Alex McCalla, director of rural development at the World Bank, says:

“It’s unlikely that China can be self-sufficient in food grain, feed grain and livestock...China at some point is going to have to make a decision on the meat side.”¹⁷⁴

The story also mentions that China’s policy aims at agricultural self-sufficiency, with a target of limiting food imports over time to an average of 5 percent of domestic needs. Obviously, the reporter covers the Chinese news without being fully convinced

¹⁷⁰ AWSJ Weekly, Jan.25-31, p.6.

¹⁷¹ Id. March 8-14, p.1.

¹⁷² Id. March 8-14, p.1.

¹⁷³The Asian Wall Street Journal Weekly Edition, China’s Food Needs Loom Large Indeed, By G. Pierre Goad, March 8-14, p.1.

¹⁷⁴ The Asian Wall Street Journal Weekly Edition, China’s Food Needs Loom Large Indeed, By G. Pierre Goad, March 8-14, p.1.

that China will reach self-sufficiency. The Journal's criticism challenges the story based on economists' opinions.

Coverage of the government business policies reflects the Journal's Western ideology that is unfavorable to the authorities. Due to the Western perspective being suspicious of the politician acting in the market system, the Journal keeps a cautious eye on the political involvement in reporting the news. Such stories are neutrally positioned upon the facts, yet critical of the government's role.¹⁷⁵ Economists' Opinion and journalists' analysis are often provided in the latter part of the stories to offset the Chinese news source's propaganda. For example, even when the Chinese government repeatedly stated its intention to keep the currency strong, the Journal's comment questions how long the Chinese *yuan* could remain unchanged.¹⁷⁶

The Journal reports on China's economy through a Western perspective, mostly through in-depth and logical critiques of the repercussions of China's business news. The view of the country's business news emphasizes the impact on overseas' investors as well as the meaning for the Chinese.

To illustrate, the Journal reports "China Cuts Import Tariffs," noting that China's new plans are "moves to please foreign companies."¹⁷⁷ The story also warns about a drop in the country's exports. Quoting the government official's statement, "The external and domestic situation 'leaves no room for optimism,' Finance

¹⁷⁵ Jerry Rosenberg, Inside The Wall Street Journal, p.78. "Certainly the Journal had never been reluctant to speak out against the increasing involvement of government in the lives of its citizens."

¹⁷⁶ AWSJ Weekly, March 1-7, "Instead of Devaluating the Yuan," p.17.

Ministry officials say exports would probably see low growth or even shrinkage in 1999 due to the prolonged slump in Asia.”¹⁷⁸

The Journal portrays Hong Kong’s market during the economic storm as a shattered situation, and “unlikely to recover.”¹⁷⁹ Most articles cover the declining market trend, as well as giving official quotes that add up to the seriousness of the financial recession that affects the regional economy. For example, in “Hong Kong Mortgages Grow,” the article predicts Hong Kong’s property market pessimistically:

Analysts, meanwhile, said Hong Kong’s battered property market is unlikely to recover in the first quarter of 1999 despite lower interest rates, as buyers cling to wallets and fear for jobs.

“... We therefor expect landlords to continue to compete aggressively for tenants, with effective rents showing a slow but steady decline over the next six months at least.”¹⁸⁰

From reading all 10 cover stories in the Journal for the first three months on China’s business, it is obvious that news of a deteriorating economy in the Journal outnumber positive stories.

	Story Headlines	Date (1999)	Column
-	China Faces Growing Pains	Jan 4	20 inches
+	Influence Declines in China	Jan 11/17	23 inches
-	Current Crisis Has Parallels to Two Earlier Catastrophes	Jan 18/24	19 inches
-	Lexmark PC Rises To a Challenge	Jan 25/31	17 inches

¹⁷⁷ AWSJ, Jan. 11-17, China Cuts Import Tariffs, by Matt Forney, p.3.

¹⁷⁸ Id.

¹⁷⁹ Id. Hong Kong Mortgages Grow, p.15

¹⁸⁰ Id. Hong Kong Mortgages Grow, p.15

	in China		
+	First Video Giant Store Opens In Hong Kong	Feb1/7	15 inches
-	China Is Cutting Back Investment and Closing Factories	Feb 8/14	11 inches
-	Guangdong Enterprise Choke Hong Kong Economy	Feb 22/28	35 inches
-	Economic Crisis May Continue to Linger	March 1/7	17 inches
+	Disney May Go To Hong Kong	March 8/14	17 inches
+	China May Legitimize Private Enterprise	March15/21	22 inches
-	Region Struggles In Global Telecom Race	March 22/28	17 inches

(AWSJ Weekly: Cover Stories on China Business, January-March, 1999)

The ratio of stories reporting China's "growing pains," listed above to stories of new business or business growth is 7:4 among the Journal's three months' worth of cover stories. In "China Faces Growing Pains," the article reports the nation's transportation expansion, noting that it would lead to an environmental disaster, which might even "endanger China's shaky banking system."¹⁸¹ China's economic problems become the theme in the Journal. In positive stories "China May Legitimize Private Enterprise,"¹⁸² "First Giant Store Opens in Hong Kong,"¹⁸³ and "Disney May Go To Hong Kong,"¹⁸⁴ the Journal reports China's major business changes to save the shaky economy hit by the economic storm.

Among the positive coverage of China's business development, one anecdotal story introduces the changing business relations and the reform of the country's

¹⁸¹ Id. by Yu Wong, p.1.

¹⁸² AWSJ, March 15-21, p.1

¹⁸³ Id. Feb. 15-21, p.1

business management. In “Influence declines in China,”¹⁸⁵ the story reports the fading power of guanxi (influence) in saving a bankruptcy. Despite the bank owner Tsui’s wide connection with government officials, such as former Premier Li Peng (Now Zhu Rongji), influence could not prevent the bank, New China Hong Kong Group Ltd., operating on the mainland, from being sued for \$24 million in overdue debts. China is changing, and the Journal keeps its watch over the subtle process.

“Mr. Tsui’s connections, or guanxi, were supposed to help New China win lucrative business deals in China. But now that Beijing is making more market-oriented reforms and scaling back the role of the state, those ties don’t mean as much. Mr. Tsui’s China credentials didn’t deliver bumper profits for New China and they aren’t persuading creditors to take a softer line.”¹⁸⁶

It’s true that the Journal catches more of the troublesome news in China’s market. Even when the Journal reports a developing economy, it presents the economy’s growth with a skeptical perspective. For example, the Journal covers the woes of the paper-making industry in China and that presents a challenge for printer machines in “Lexmark PC rises to a challenge in China”.¹⁸⁷ The story seems to praise China’s reforms for having brought out a larger market for foreign adventures. The inside story continues to reveal the explicit weakness of China’s paper-making, which could break down the imported copy machines.¹⁸⁸

¹⁸⁴ Id. March 8-14, p.1

¹⁸⁵ AWSJ, Jan.11-17, by Erik Guyot. p.1

¹⁸⁶ Id.

¹⁸⁷ Id. Jan.25-31, p.1.

¹⁸⁸ Id. Jan.25-31, p.1.

The above patterns and reporting styles on China's business news portray a different image of China's economy. The picture is drawn with positive propaganda by the China Daily, an objective and sarcastic perspective by the Post and a sense of uncertainty and investigation by the Journal. Each newspaper pays attention to each publisher's agenda. In the China Daily, news focuses on the positive parts, and the paper refuses to report too many negative stories. The Post reports diversified news by switching its sources from the Chinese media to the Western press. And the Journal exposes most controversial issues due to its Western perspective. Therefore, each newspaper's coverage is proportioned accordingly to its own viewpoint.

Part IV. Quantity And Quality

"I've always figured that if we put out a good quality editorial product, the business end will take care of itself." --- James H. Ottaway, Sr.¹⁸⁹

The proportion of China's business news and the character of its reporting is closely connected. The China Daily comprehensively covers the booming domestic enterprise and government activities in economic reforms. The Asian Wall Street Journal Weekly delivers a full portion of Western knowledge of Chinese business news. The unique South China Morning Post publishes a little of both.

Features increase the quality of each paper. China Daily features its supplement, Business Weekly; the Post owns its Business Post and the Asian Wall Street Journal Weekly features its regional reports, such as on Beijing or Hong Kong.

A. China Daily

The Business Weekly published each Monday in the China Daily provides substantial coverage of China's business news. The 8-page Business Weekly features stories on industry portraits and economic trends endorsed by the central government. Reporters reach highly-ranked sources, such as China's State Statistics Bureau, Bank of China or the Ministry of Trade, etc.¹⁹⁰ These sources help to inform the public of market trends or government policies, therefore benefiting both consumers and investors.

¹⁸⁹ Rosenberg, Jerry M. Inside the Wall Street Journal, p.139.

¹⁹⁰ China Daily, Jan. 4, 99, Business Journal.

In another sense, there is a lack of in-depth market analysis, which means a lack of experienced or well-trained business reporters, as well as the hidden uncovered news due to editorial censorship. In terms of quality, the China Daily doesn't break through the routine restrictions to report the pervasive economic problems in the country.¹⁹¹ For example, the Regional Reports in Jan. 4's Business Weekly cover seven stories in the regions of Shenzhen, Guangzhou, Shanghai, Beijing and Sinjiang. The selection of the regions shows good judgment about several of the more typical cities in China. However, the number of articles means that each story couldn't be long enough to explain an in-depth economic issue. For example, "Tele Sector Dials Into Expansion" counts 4 column inches.¹⁹² The overwhelmingly good news shadows hidden financial problems in the media. As a result, news quality is subjected to sketchy coverage of a capitalist-oriented economy in a socialist country.

B. South China Morning Post

As Hong Kong has had a long history influenced by British news media, the Post is used to photos and graphics that visualize complicated business dealings. Both the hard copy of the Post and its online version are attractive and desirable with the skillful usage of colors and pictures. In its 16-page Business Post, the graphics take up to 10 percent as the total amount of photos and pictures consist of nearly two

¹⁹¹ See China Daily-portion

¹⁹² China Daily, Jan. 23, 99.

pages. Instead of Business Post in weekdays, Sunday's Monday contains stories in the 8-page section focus on specific Money-related issues.

Stock market news from each major stock exchange squeeze into a 10-page stock market report in the Post, which can be compared with the Wall Street Journal's Market pages.¹⁹³ The Post's online version known as scmp.com, is launched with a full coverage of the current day's news. With all the business stories on its website, the Post empowers its audience with the latest business news on the Internet as well as with its 90,000 hard copy subscribers. A live indicator of current trade activity on the stock exchange markets in New York, London and Hong Kong is posted 24 hours online.

The most impressive feature of the Business Post is that its news influences the interests in Hong Kong as well as traders from all over the world. The sensation and emotion feeds the market when the Business Post casts its timely news in a lively way, such as a tax increase backed up by the photo of a financial officer in Hong Kong.¹⁹⁴

C. The Asian Wall Street Journal Weekly

The Western newspaper, the Asian Wall Street Journal, features regional business reports. A large number of articles are bylined from Hong Kong, one of the Asian headquarters, followed with mainland China cities, and Taipei in Taiwan. In a

¹⁹³ Id.

descending order, the average number of articles on Hong Kong, mainland China and Taiwan ranges from 6.8 to 4.4 to 1.8.

Quite a few stories deal with issues about Hong Kong's banking, investments, shopping centers, stock markets and real estate, etc. Money & Investing section, Travel and Heard in Hong Kong are frequent forums for the news coming from the center of the Asian market. As a result, Hong Kong's stories have thorough and complete information resources and interesting angles reflecting the economy of both China and Asia.

A second distinctive feature is that the Journal prefers economists or financial experts' analysis, which comments on business issues. Occasionally, anecdotes from inland small towns like lifting the ban on Shengyan's firecrackers,¹⁹⁵ or Zhaoqing's charming antique shops,¹⁹⁶ introduce stories about China's reforms.

Taiwan takes a big piece of the China business pie in the Journal, compared to the Post's ignorance and China Daily's sparse coverage. A regular number of two or three stories for each issue indicate that the American media believes in Taiwan's importance in world trade relations, which is obviously censored in China Daily. And the Post is likely to report on Taiwan only for special occasions.

To conclude with the analysis of the three newspapers' quality, news quantity plays an important role in understanding their features and professional skills. China

¹⁹⁴ SCMP, Taxes will inevitably be raised, Dec.7, 99, online.

¹⁹⁵ AWSJ, Feb.15-21, Shenyang Lift Firecrackers Ban, p.6

¹⁹⁶ Id. Jan.4-10, 99, Southern China Offers A Haven For Antique-shoppers, p.14.

Daily impresses readers with a booming economy in its Business Weekly though its propagandistic style which contrasts to Western newspapers' thoroughness and diversity in reporting controversial issues. The Post attracted readers with its story variety and its western influence of journalistic professionalism and competition in quantity and design. As for the Journal, it performed as an essential business information source and economic index for both business people and experts.

Part V. Editorial Paradigms and Press Ideology

News is an active production of meanings. It is not a crude and mechanic mimic of "objective" reality, but a dialectic of social construction mediated by interests, power, and ideology.

---Joseph Man Chan & Chin-Chuan Lee¹⁹⁷

What determines the popularity of a newspaper is not only a newspaper's quality, but a newspaper's ability to serve the readers and also its reception by the readers. As Beijing's newspaper purports to advocate for the Party in power, the contents of its press speak in favor of the authorities.¹⁹⁸ The China Daily's readers are largely Chinese scholars and students, who are under the influence of the Party.¹⁹⁹ Therefore, the China Daily reaches the readers by informing of the central government's words, or propaganda.

The South China Morning Post is founded on the support of a market-oriented business community.²⁰⁰ Readers of the Business Post are mainly business people who need to know both Hong Kong's market and mainland China's economy. Dynamic and newsworthy reports will ensure the success of the Hong Kong newspapers' survival.

The Asian Wall Street Journal Weekly reports for foreign investors with a skeptical attitude to the country's authorities and an objective perspective in covering

¹⁹⁷ Joseph Man Chan, Chin-Chuan Lee, Mass Media and Political Transition: The Hong Kong Press in China's Orbit, p.26.

¹⁹⁸ See Interview with Wang, Zongxi in Appendix 1.

¹⁹⁹ See Interview with Wang, Zongxi in Appendix 1.

²⁰⁰ Newspapers In Asia, Hong Kong, Chang Kuo-sin, p.81

business issues. The publisher's Western journalism ideology promises a free expression that tackles unpredictable economic phenomena from the journalistic point of view.

A. China Daily: Loyalty to the Party.

The China Daily takes many precautions in reporting controversial issues related to the Party or the administrative government. In its editorial attitude, there is a dedicated loyalty toward the party and the government, due to the fact that China's media is under the supervision of the Party.²⁰¹

The editorial page, actually the official column for the voice of the Party, gives constructive suggestions. For example, in addressing the slow growth of the country's largest industry---agriculture, the editorial page runs a series on how to improve the industry. In "Grain marketing needs further reforms,"²⁰² the article points out the problems in a concerned tone:

Protective agricultural policies usually cause high costs for the whole society. And, although such policies may help to spur grain output, the government will have to pay huge subsidies for it.²⁰³

The article states its concerns as the alarm clock for national market stability: "The underlying concern of China's grain policy is the maintenance of a stable grain market, a persistent rise in farmers' incomes and national food security."²⁰⁴ Other than the general terms, no one is blamed as responsible for the "costs." Similarly,

²⁰¹ Alan Liu, *Newspapers in Asia*, PRC. P.34.

²⁰² China Daily, Jan.5, 99, p.4

²⁰³ Id. Jan. 5, 99, p.4

China Daily addresses its concerns in a general way, such as “Farmers income rises a big concern,”²⁰⁵ or “China’s farmers face tough challenges.”²⁰⁶

B. SCMP: Dual Reaction In Pros And Cons

Like Hong Kong people’s sensitivity towards the market, the Post editorial indicates a quick response to spots news.²⁰⁷ Readers can sense the most unique opinions in the Post that distinguishes itself from other news media. On the one side, the Post stands sharply against economic malfunction in either Hong Kong or the mainland. On the other hand, the Post uses emotion in critiquing China business issues. For example, the Post attacks the prevalent bureaucracy in China with “sharp criticism,” calling for faster reform:

At times of economic boom, any calls for streamlining the bureaucracy and reviewing its pay levels and benefits would meet strong resistance from civil servants.

Ironically, sharp criticism of the civil service over controversies and mishandling of events as well as the economic crisis have offered the administration the opportunity to press ahead with long-awaited reforms.²⁰⁸

In other ways, the Post shows sympathy and unusual kindness towards the country’s business situations, especially in US-Sino WTO issues, which is highly covered in the case of Chinese Premier Zhu Rongji’s historical trip in the United

²⁰⁴ Id.

²⁰⁵ Id. Jan. 7, 99, p.4

²⁰⁶ Id. Jan. 13, 99, p.4

²⁰⁷ Interview with Peter Koehn, political science professor in The University of Montana.

²⁰⁸ SCMP, March 5, 99, online.

States last spring.²⁰⁹ In addressing the accusations of Chinese espionage in the United States, the Post expresses its neutral standpoint with an understanding of the Chinese.

In “Making Friends With Spies Like Us,” the Post’s analysis says:

To start with, China probably has tried to steal military secrets in Los Alamos and elsewhere. There is no particular reason to accept Mr Zhu’s plea of innocence, for Beijing has posted agents abroad for decades (though Mao Zedong once complained “They do not work well”). Spying, and lying about it, is what governments do. The US is no exception. Those same congressmen so outraged by Chinese espionage also help appropriate about \$28 billion annually for the CIA and affiliates, and presumably know a bit about its agenda.²¹⁰

This editorial is indicative of the Post’s understanding of a large number of Chinese readers. For most readers in Hong Kong, reading for objective and truth-telling reporting and opinion determines the Post’s editorial stance in a large sense. Therefore, the Post’s style of criticism and understanding is by no means a choice for the Post, but a priority.

C. AWSJ Weekly: Journalistic Skepticism

Contrary to China Daily’s loyalty to the Party and the Post’s dedication to its local readers, the Journal takes on a skeptical perspective that fulfils the Western media’s mission.²¹¹ The Journal tries to explain two questions in its commentaries. One point is the chance for China’s continuing growth in its

²⁰⁹ Id.

²¹⁰ SCMP, Making Friends With Spies Like Us, March 20, 1999, p.17.

²¹¹ Investigative Reporting At the Journal, Inside The Wall Street Journal, By Jerry M. Rosenberg, p.247

economy and the other is the importance and meaning of China's emerging market for western investors.

Basically, The Journal remains alert to the potential economic crisis in China, which is populated with 1.2 billion people who need to be fed.²¹² The Journal's doubt is exemplified by Thomas G. Rawski, economist and China specialist at the University of Pittsburgh:

With exports stagnant, inflows of foreign investment flat, and industry mired in excess capacity, government pump priming is now the sole source of momentum. This isn't sustainable.²¹³

At some point, the Journal is not hesitant to punch at the Chinese government's political stance in bolstering the economy, contrary to the propaganda in the China Daily and the "sharp criticism" in the Post. It's not surprising when readers find this Journal comment on "The crisis therefore lies ahead, not behind us in China:"²¹⁴

On the surface, these policies seem to be a success. China entered 1999 announcing that it had all but met its official gross domestic product growth target of 8%. Meanwhile, it held the value of the *yuan* steady, in stark contrast to the currency chaos seen elsewhere in Asia. Yet the Communist Party's new hard political line at the end of 1998 against dissidents and the like hardly suggests the confidence of leaders presiding over a successful economy. Indeed, it is precisely the

²¹² ASWJ, Jan, 11-17,99, China and Japan, Two Economic Giants, Are the Biggest Threats to Asia's Still Fragile Recovery, By Christopher Wood, p.16

²¹³ Id. Jan. 25-31, 99, China's Boom Is Running Out of Steam, by Thomas G. Rawski, p. 16.

²¹⁴ Id. Jan, 11-17,99, China and Japan, Two Economic Giants, Are the Biggest Threats to Asia's Still Fragile Recovery, By Christopher Wood, p.16

awareness of the economy's structural vulnerabilities which makes the leadership so intolerant of dissent.²¹⁵

The uncertainty about China's stability in political situations is often based on its cross-culture analysis from the Western point of view. Facing the Western understanding, a Chinese senior economist's skepticism shifts to an economic angle, saying:

However, economists have hardly touched upon the one area that holds the key for medium-term economic prospects: the rural sector. Though it can't solve all of China's woes, an upsurge in rural consumption will help reduce excess inventories and restart growth momentum.²¹⁶

Despite all the uncertainties, the Journal delivers a comprehensive opinion forum, which holds a hidden expectation of the emerging market. The subtle meaning beneath the article indicates that what really concerns the Journal is not whether China's economy is surging, but how far and how long it takes the country to bolster both her political and economical power.

²¹⁵ Id. Jan, 11-17,99, China and Japan, Two Economic Giants, Are the Biggest Threats to Asia's Still Fragile Recovery, By Christopher Wood, p.16

²¹⁶ AWSJ, Jan. 11-17, Focus on China's Rural Growth Engine, by Dong Tao, p.16

Conclusion

The theme of this thesis has been to analyze the characteristics of China business reporting in three newspapers within the context of different sociopolitical and cultural backgrounds.

With an eye of reviewing how China's emerging market performs as well as its image in the media, this thesis observes a significant journalism paradigm shift from the East-China's propaganda news to the West-U.S.'s critical news. Just as underwriters cannot record the stock market fluctuation without pictures of readers in their mind, each newspaper can not cover the region's growing economy without creating some impacts upon the region.

China's journalism, which is defined by Western ideology as propaganda, is the symbolism of government-controlled media.²¹⁷ The over-positive and optimistic stories in the China Daily are pleasing to the authorities and therefore reflect a weapon of advocacy for the government.²¹⁸

The South China Morning Post combines Western journalism ideology with Chinese cultural elements. The Post maintains the professionalism and heritage of freedom from the British. As well, the Post is open to mainland China's news sources that contain the official news. The style of the Post's coverage of China's business reflects Hong Kong's tradition of sensational news. When confronting the authorities,

²¹⁷ Liu, Alan, *Newspapers in Asia*, PRC. p.39.

the Post indicates its sharp criticism at the bureaucracies and its cooperation with the Chinese official news.

The Asian Wall Street Journal Weekly's skeptical approach towards China's economy symbolizes the Western journalistic ideology---reporting the facts while commenting freely. With thorough and in-depth analysis, the Journal distinguishes itself in portraying an emerging market with monumental tasks, which distinguishes it from the Asian papers' sympathetic view of China.

To conclude, a glimpse of the three newspapers' coverage of China business doesn't change China business, nor its journalistic ideology. However, understanding the propagandistic, sensational and skeptical views of China business holds the key to understanding the Eastern and Western business press.

(End)

²¹⁸ Liu, Alan, p.39.

Appendix I. On Chinese Journalism

Interview with Wang, Zongxi
Senior Reporter of Tianjin Daily

China Daily

China Daily is a state-run, official newspaper. Reporters and editors have the right to write and send a story, not the right to run the story. Publication needs the examination of the Senior editors, who are Party members appointed by the government.

China Daily has a large number of subscription, mainly among the students and scholars learning English. Unlike People's Daily, which is subscribed under requirement by the Party organizations, China Daily is circulated in the market. Subscribers also include international enterprises, which are estimated a total of tens of thousands in China. Overseas students share part of the circulation pie.

China's free speech

It can be said that China has the freedom of speech, in the sense of between individuals, but not in the public. When the words come to the news media, there will be a certain of censorship. Because newspapers and media are run by the government, what you say can not be in the public without their permission.

It can be understood from the ownership of the newspaper. Western newspapers are property of a business individual or company. It is not likely a newspaper is going to investigate the corruption of the paper's owner. A Chinese newspaper is controlled by the government through financial management, staff appointment and legislature.

If the Party in power pays everything of the press, the Party has the say what can be run and what cannot. If the chief editor and senior editors don't understand they are standing for their boss---the Party or the government---they will be sent home. If the newspaper becomes rebellious of the government, it could run out of business by law enforcement. On the other hand, the Party can support a propaganda paper by requesting local government and offices to subscribe to it.

The public does have criticism to the controlled press. But people are used to the system. It's hard to say how much people want to change the system. However, there is a change of a newspaper's independence growing through the market economy. More and more supplements and additional pages are published today. Those supplements are trying to deviate from the propaganda of the Party, giving more stories close to the public and readers. That's the new trend of freedom.

Business news

Business news is quite different from political news, which is totally censored by the Party. So long as business news doesn't offend the government, the business section is quite on its own. For example, the employment issue is frequently in the news because of the country's encouragement of employment. But in the same issue, stories on unemployment are sensitive to the government, because addressing the layoff problems could be offensive to the government's purpose of stability and prosperity.

Most business news are reporting significant government policies or proposals, business phenomena, business strategy and some outstanding business performance in regions, which can be seen as a model for others to learn and follow.

It's true that business news should include all the economic phenomena and economic analysis. But in China's business news, there is a lack of analytical articles on business. Business reporters cover more superficial business events than approach the news through political and economical angles.

China's business reporting has a lot to do with statistics, mostly from National Statistic Bureau. Those numbers are authoritative. Otherwise, statistics can not be trusted without reference.

China's news agency

Xinhua News Agency is in responsible for sending newswire stories to all party newspapers in covering big events. For example, in reporting the 15th People Congress, major stories are all provided by Xinhua, while other newspapers could only cover feature stories or unimportant stories.

Chinese Journalists

Chinese reporters have to attend training sessions, which are Party classes. Those meetings make sure new reporters understand what is in line with the Party, and what is not. As a result, a Chinese reporter doesn't have as many rights as a Western journalist in reporting. But Chinese reporters rank highly in the country as their position as speaking for the government. Journalists are privileged when they are sent for interviews.

Appendix II. On the South China Morning Post
Interview with Peter Koehn²¹⁹
Professor of Department of Political Science
May, 1999

The Post is very open and carry stories the way they are. Those stories wouldn't be carried in the Mainland. One thing is what's going on with the hierarchy in the Mainland. The insight is very valuable in terms of understanding more about Chinese politics. It's not that critical, but just write about things that people want things to click.

Generally, there is a positive atmosphere that is encouraging a great time in Hong Kong and China. For example, China didn't devalue the currency in the crisis. There are positive things in the paper. The Post covers a situation as much as any other newspaper does. The Post has more coverage and dissent articles than the mainland's news and the International Tribune.

The owners of the Hong Kong's media today have a very close tie to the mainland, whether in economics or politics. Such a tie in fact makes both the government and the newspapers less critical to the mainland. Limitations are there, but the limitations are really not going to one of extremes. Certain things such as the fundamental governmental regime cannot be covered. But those things are narrow. What can be said in the Hong Kong's paper is very broad and open.

²¹⁹ Dr. Peter Koehn was my professor in Shanghai International Studies University from 1996-1997. He spent a year after in Hong Kong, and published his books on China-U.S. cultures and economic relations in 1999.

Appendix III.

Percentage Comparison of China Business Section

For China Daily, “China Business” is the regular 1-page feature section covering national marketing and enterprises news, with about 12.5 percent of the newspaper’s news.

“Business Weekly,” published every Monday, is a feature section that China Daily devotes exclusively to a complete picture of the country’s economy, equivalent to the Wall Street Journal’s full-page national report. This special supplement is an 8-page coverage of the nation’s broad business topics, such as Money, Investment & Trade, Property, Information Technology and Regional Report, etc. If the supplement adds China Business section, the total percentage of business news could reach up to 40 percent of the Monday issue.

In the Post, the exclusive pages devotes to the business section are the 16-page Business Post. Another portion can be found in the main section for cover stories, taking about 1 of 24 front pages. The Sunday version changes to Money, cutting the section size down to 8 pages, while reporting on business news.

The Asian Wall Street Journal pays great attention to China’s business news, including bylines from mainland China, Hong Kong and Taiwan. There is an average of 22 percentage among a total of 24 pages of Asian coverage.

The percentage studies are based on the three newspapers’ news proportion that devotes to China business from January 1999 through March 1999. Beyond the date, the study extended to news contents and editorial styles.

It can be seen that China Daily certainly gave the largest proportion in its supplement of Business Weekly, with 40 percent of coverage compared to the whole paper. The Post delivers an updated market news, with up to 10 to 18 percentage of China and Hong Kong business news. Undeniably, the Journal had no shortage of China business news, with a steadily 22 percent coverage for Hong Kong, the mainland China and Taiwan business news.

Columns Comparison of China Business Stories

In typical business stories, each newspaper has its own size requirement and layout design.

For China Daily, the small size of articles symbols a newsletter style which is restricted by a second language version. Most stories reporting domestic business news take 7 inches on average, with the largest size covering the National People Congress debates, up to 20 inches. The average story length is 6 inches.

The Post has longer stories, up to 10 inches on average, compared to China Daily's 7-inch stories. For the Post, a western style page design top over the size of stories, which could be extremely short or in proportion to the regular size of 8 inches for cover stories in Hong Kong/ China business section.

The Journal's style of thorough reporting or analysis leads to stories with an average of 20 inches. The usual size of one article in the Journal is double or triple the size of China Daily stories. The Journal's 12-inch average length ranges from the shortest piece of 4.5 inches to the longest piece of 35 inches during the 3-month research.

The Column Count for Three Newspapers (Inches)

Newspapers Column of One story	China Daily	South China Morning Post	The Asian Wall Street Journal Weekly
Average size	7"	10"	20"
Usual size	6"	8"	11"-12"
Large Size	20" (3/08/99)	29" (1/25/99)	35" (2/22-28/99)

From the above size table, it can be seen that the China Daily displays the smallest quantity in both proportion to the whole newspaper and the size of business stories, while the Journal wins the reputation of reporting the longest stories and devoting the largest space for China's business stories. Though the Post is in the middle in both calculations, the Post certainly can be distinguished from the other two papers with its unique design and colors applied to the photos and graphics.

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